

Office of the City Manager

URGENT ITEM AGENDA MATERIAL

Meeting Date: November 17, 2020

Item Description: FY 2020 Year-End Results and FY 2021 First Quarter Budget Update

At the November 12, 2020 Budget & Finance Policy Committee Meeting, Staff presented a current list of the Unfunded needs and an updated list of the Council Budget Referrals.

Staff is requesting these items be added to the agenda report as additional and revised materials prior to the discussion on the report tonight.

The Council may add this item pursuant to the Brown Act under Government Code Section 54954.2(b).

The item may be added to the agenda because there is a need to take immediate action and the need for action came to the attention of the local agency subsequent to the agenda for this meeting being posted.

In order to add this item to the agenda, the council must vote by a 2/3 majority (six yes votes) to add the item to the agenda.

Once the item is added to the agenda (Consent or Action) it must be passed by the standard required vote threshold depending on the item (majority, two-thirds, or 7/9).

FY 21 and FY 22 Resource Needs (Not Included in Baseline)
November 2020 AAO

| | FY 21 | FY 22 | Committee Date |
|--|-------------------|-------------------|-------------------|
| Estimated FLSA Labor Settlement (ERMA Implementation) (1) | | | |
| June 1, 2018 - May 31, 2020 | 800,000 | 0 | |
| June 1, 2020 - Go Live (Feb. 2021) | 266,667 | 0 | |
| Parking Funds | | | |
| FY 21 Operational Needs (2) | 3,240,688 | 0 | 10/8/2020 |
| Telegraph Channing Garage Elevator Replacement (3) | 0 | 710,000 | |
| Homeless Response Team | 815,729 | 1,263,257 | 11/12/2020 |
| Waterfront and Marina Security Improvements | | | |
| Security Services (7 months) | 86,275 | 0 | |
| Monitors (7 months) | 44,189 | 0 | |
| Police Budget - FY 21 (4) | 5,000,000 | 0 | 11/12/2020 |
| Cybersecurity for Telecommuting (IT) | 819,000 | 913,800 | |
| Projected FY 21 Building Purchases and Maintenance Fund Deficit Fund Balance | 540,000 | 0 | 11/12/2020 |
| Transfer to Paramedic Tax to Address Deficit | 397,774 | 0 | |
| Section 115 Trust (5) | 4,000,000 | 4,000,000 | |
| Fire Dept. Compressor Truck | 350,000 | 0 | |
| Estimated Homelessness and Housing Needs (in progress) | | | |
| Berkeley Way | 0 | 3,023,365 | |
| STAIR | 0 | 2,499,525 | |
| Dorothy Day (Shelter) | 0 | 566,000 | |
| Dorothy Day (Drop In) | 0 | 182,000 | |
| Coordinated Entry | 0 | 1,442,426 | |
| Outdoor Encampment | 0 | 615,000 | |
| YSA Tiny Homes | 0 | 78,000 | |
| Lifelong - Street Medicine | 0 | 454,239 | |
| DBA - Homeless Outreach Worker | 0 | 40,000 | |
| Downtown Streets Team | 0 | 225,000 | |
| BDIC Locker Program | 0 | 50,000 | |
| Reserve Replenishment | 0 | 0 | |
| COVID-19 Response | 0 | 0 | |
| Intersection Improvements at Shattuck and Berkeley Way | 0 | 650,000 | |
| Litigation and Settlements (6) | 0 | 0 | 12/10/2020 |
| Measure T1 | | | |
| Mental Health Facility | 230,000 | 0 | |
| North Berkeley Senior Center | 0 | 0 | |
| Total Resource Needs | 16,590,322 | 16,712,612 | |

(1) Estimate based on previous settlements.

(2) Based on Public Works balancing proposal, represents costs of parking enforcement program. FY 22 represents costs of Telegraph-Channing Garage elevator replacement.

(3) Preliminary cost estimates.

(4) Additional need based on three-year average of overtime costs incurred by the Police Department.

(5) Recommended annual contribution.

(6) AAO #1 allocates additional resources to address litigation and settlements for FY 21.

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|---|---|-----------|--------------------|--|
| 1. Safety for all: The George Floyd Community Safety Act – Budget Request to Hire a Consultant to Perform Police Call and Response Data Analysis ¹ | July 14, 2020 | Refer to the Budget Process \$150,000 to: a. Hire a consultant to conduct a data-driven analysis of police calls and responses to determine the quantity and proportion of these calls that can be responded to by non-police services. The third-party consultant must be hired and engaged in work within three months of the item's passage. b. Hire a consultant to conduct an analysis of the Berkeley Police Department's budget and its expenditures by call type. The third-party consultant must be hired and engaged in work within three months of the item's passage. | \$150,000 | | Bartlett, Mayor Arreguin, and Harrison |
| 2. BerkDOT: Reimagining Transportation for a Racially Just Futures ² | July 14, 2020 | Refer to the City Manager, the FY 2021-22 budget process, and the proposed community engagement process to reimagine public safety to pursue the creation of a Berkeley Department of Transportation (BerkDOT) to ensure a racial justice lens in traffic enforcement and the development of transportation policy, programs, & infrastructure. | unknown | | Robinson, Droste, Bartlett, and Mayor Arreguin |
| 3. Support Community Refrigerators ³ | September 22, 2020 (continued on October 13, 2020) | Allocate \$8,000 of the budget for the purchasing of the refrigerators. | \$8,000 | | Davila |

¹ https://www.cityofberkeley.info/Clerk/City_Council/2020/07_Jul/Documents/2020-07-14_Item_18a_Safety_for_All_The_George_Floyd_pdf.aspx

² https://www.cityofberkeley.info/Clerk/City_Council/2020/07_Jul/Documents/2020-07-14_Item_18e_BerkDOT_Reimagining_Transportation_pdf.aspx

³ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_17_Support_Community_Refrigerators.aspx

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| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|--------------------|--|-----------|--|----------------------------------|
| 4. Providing our Unhoused Communities in the City of Berkeley with Potable Water and addressing Water Insecurity ⁴ | September 22, 2020 | Refer to City Manager to include an allocation in the upcoming AAO budget to use existing homeless services to fund Berkeley Free Clinic's program to address water insecurity among Berkeley's unhoused communities. This program will initially require \$10,000 to construct and maintain a large tank with a foot pump for dispensing water from a spout that can be used for drinking or handwashing. | \$10,000 | Funded | Davila |
| 5. Healthy Checkout Ordinance ⁵ | September 22, 2020 | Refer to the City Manager to determine funding and staffing needs to implement and enforce the ordinance and sources of funding to support this program. Refer to the Sugar Sweetened Beverage Product Panel of Experts to consider recommending funding allocations, and to work with City staff to develop protocols for, implementation, education, and enforcement. | unknown | | Harrison and Hahn |
| 6. Authorize Installation of Security Cameras at the Marina and Request an Environmental Safety Assessment ⁶ | October 13, 2020 | Adopt the following recommendation in order to address the recent dramatic uptick in reported crime incidents at the Berkeley marina: • Request that the City Manager install security cameras and signage as expeditiously as possible as a long-term safety measure; | \$120,000 | \$60,000 – PRW– General Fund carryover request \$60,000 – Marina Fund | Kesarwani and Wengraf |

⁴ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_09_Providing_our_Unhoused_Communities.aspx

⁵ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_16_Healthy_Checkout_Ordinance.aspx

⁶ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_12_Authorize_Installation_of_Security.aspx

Summary of Council Referrals to the Budget Process

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| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|------------------|--|--|--------------------|--|
| 7. “Step Up Housing” Initiative: Allocation of Measure P Funds to Lease and Operate a New Permanent Supportive Housing Project at 1367 University Avenue ⁷ | October 13, 2020 | Adopt a resolution allocating approximately \$900,000 per year for 10 years, as well as a one-time allocation of approximately \$32,975 from Measure P transfer tax receipts to support the lease and operation of a new permanent supportive housing project for the homeless at 1367 University Avenue. This resolution is put forward out of consideration that the City Council has already approved in its FY 2020-21 budget—on June 30, 2020— an allocation of \$2.5 million for permanent housing subsidy, a portion of which is available to be spent on the 1367 University Avenue project. | \$32,975 (one-time allocation from Measure P) \$900,000/year for 10 years | Measure P | Bartlett, Kesarwani, Wengraf, and Mayor Arreguin |
| 8. Removal of Traffic Bollards on the Intersection at Fairview and California St. ⁸ | October 13, 2020 | Refer to the City Manager to remove the traffic bollards at the intersection at Fairview and California St. for the following reasons: 1. To allow residents, emergency responders, street cleaning and garbage disposal services, and delivery vehicles ease of access to enter and exit Fairview Street; 2. To allow residents of the 1600 block of Fairview St. access to additional parking spots because the current capacity is inadequate; and 3. To decrease illegal dumping that has been incentivized by the traffic bollards and eliminate the harborage of junk, debris, and garbage. | unknown | | Bartlett |

⁷ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_16_Step_Up_Housing_Initiative_Allocation.aspx

⁸ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_17_Removal_of_Traffic_Bollards.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|--|------------------|---|----------------------|--------------------|----------------------------------|
| 9. \$50,000 to UC Theatre Concert Career Pathways Education Program ⁹ | October 27, 2020 | Refer to the November 2020 AAO budget process the allocation of \$50,000 to the UC Theatre Concert Career Pathways Education Program. | \$50,000 | | Mayor Arreguin |
| 10. Equitable Clean Streets Budget Referral: Funding for Staff to Conduct Bi-Weekly (Once Every Two Weeks) Residential Cleaning Services ¹⁰ | October 27, 2020 | Refer to the November AAO budget process to allocate \$500,000 from the General Fund to require biweekly (once every two weeks) cleaning of populated encampment sites, major corridors, and encampments adjacent to residential neighborhoods throughout the City of Berkeley for approximately one year. The City should also partner with appropriate non-profit organizations to create work opportunities for homeless residents who can help City staff clean the streets on an ongoing basis | \$500,000 | | Bartlett |
| 11. Convert 62nd Street between King St. and Adeline St. into a One-Way Line that exits in the direction of Adeline St. ¹¹ | October 27, 2020 | Refer to the City Manager to convert 62nd Street between King St. and Adeline St. into a one-way lane that exits to Adeline and blocks motorists from entering 62nd Street through Adeline Street. | unknown | | Bartlett and Mayor Arreguin |
| 12. Support for Berkeley Mutual Aid ¹² | October 27, 2020 | Refer to the City Manager and to the November FY2020 AAO budget adjustment process to identify existing resources, or propose a new allocation of funds, to provide emergency financial support to Berkeley Mutual Aid (BMA) to allow the organization to continue its highly valued programs and | \$36,000 annual cost | | Hahn and Mayor Arreguin |

⁹ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_18_Budget_Referral_50,000_to_UC_Theatre.aspx

¹⁰ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_20_Equitable_Clean_Streets_Budget_Referral.aspx

¹¹ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_21_Convert_62nd_Street_between_King_St.aspx

¹² https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_23_Support_for_Berkeley_Mutual_Aid.aspx

Summary of Council Referrals to the Budget Process

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|---|-------------------|--|-------------------------|--------------------|---------------------------------------|
| | | services addressing the needs of Berkeley residents sheltering-in- place during the COVID-19 health emergency. Support required for BMA to continue providing critical services to the community is \$3,000 per month, starting as soon as possible and continuing until 3 months after the COVID-19 emergency order is lifted. | | | |
| 13. Security Cameras at Major Berkeley Arterial Entry and Exit Points for the City and Request an Environmental Safety Assessment at High Crime Areas of the City ¹³ | November 10, 2020 | In order to deter would-be perpetrators of gun violence and apprehend those engaging in gun violence, adopt the following recommendations: • Request that the City Manager install security cameras and increased lighting at appropriate arterial streets serving as entry into and exit out of the City of Berkeley in conjunction with prominently displayed signage; • Refer to the City Manager to perform an environmental safety assessment of the high crime areas specifically in South and West Berkeley; • Refer costs for security cameras and lighting to the mid-year budget process for FY 2020-21. | \$500,000 - \$1,000,000 | | Kesarwani and Mayor Arreguin |
| 14. Gun Buy Back Program ¹⁴ | November 10, 2020 | Refer to the FY 2020-21 November Amendment to the Annual Appropriations Ordinance (AAO #1) \$40,000 to reinstate partial funding for the Gun Buyback Program—originally proposed by Councilmember Cheryl Davila and authorized by the City Council on Nov. 27, 2018. | \$40,000 | | Kesarwani, Mayor Arreguin, and Davila |

¹³ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_12_Authorize_Installation_of_Security.aspx

¹⁴ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_13_Budget_Referral_to_Reinstate.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|-------------------|--|--------------------|--------------------|----------------------------------|
| 15. Radar speed feedback sign for Wildcat Canyon Road ¹⁵ | November 10, 2020 | Referral to the City Manager for a solar powered radar speed feedback sign to be installed on Wildcat Canyon Road at the cost of \$20,000 to be considered during the Mid-Year Budget Process. | \$20,000 | | Wengraf |
| 16. Berkeley Age Friendly Continuum ¹⁶ | November 17, 2020 | Refer to the FY21 Annual Appropriations Ordinance process \$20,000 for the Berkeley Age-Friendly Continuum. | \$20,000 | | Mayor Arreguin and Wengraf |
| TOTAL | | | \$2,886,975 | | |

¹⁵ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_16_Budget_Referral_-_20,000_radar_speed.aspx

¹⁶ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-17_Item_12_Budget_Referral_Berkeley_Age-Friendly.aspx



Office of the City Manager

ACTION CALENDAR
December 15, 2020
(Continued from November 17, 2020)

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Teresa Berkeley-Simmons, Budget Manager
Subject: FY 2020 Year-End Results and FY 2021 First Quarter Budget Update

INTRODUCTION

This budget update presents the FY 2020 Year-End (Year-End) results as well as reports on the FY 2021 First Quarter. The FY 2020 Year-End budget summary covers the period starting July 1, 2019, through June 30, 2020 (FY 2020). This report also provides preliminary revenue information for the first quarter of the current fiscal year, 2021. The FY 2021 First Quarter Budget Update covers the period July 1, 2020, through September 30, 2020. The FY 2020 General Fund Year-End balance was \$40.1 million. Amounts restricted, committed, and assigned totaled \$35.6 million. Allocations to the General Fund reserves totaled \$1.75 million¹. The amount of Unassigned Excess Equity totaled \$2.75 million.

The information in this report should be reviewed in conjunction with the Amendment to the FY 2021 Annual Appropriations Ordinance (AAO) also on tonight's agenda. The AAO#1 establishes the expenditure limits by fund for FY 2021. The adopted budget is amended annually to reflect the re-appropriation of prior year funds for contractual commitments (i.e. encumbrances) as well as unencumbered carryover of unexpended funds previously authorized for one-time, non-recurring purposes. These budget modifications are presented to the Council twice a year in the form of an AAO. The first AAO is on tonight's agenda. The second and final AAO will go to Council in May 2021.

Included on tonight's agenda is the First Amendment to the FY 2021 Annual Appropriations Ordinance report (AAO#1). The information included in this Year-End report is supplemented by the detailed information included in the AAO#1. Recommendations in the AAO#1 augments the adopted General Fund budget by \$16.1 million. The \$16.15 million includes encumbrances of \$7.19 million, unencumbered carry-over requests of \$5.41 million, and adjustments of \$3.55 million.

¹ Starting in FY 2018, to achieve the City's intermediate and long-term Reserves goals, 50% of Excess Equity above the first \$1M is allocated to Reserves. The General Fund Reserve consists of the total of the Stability Reserve and the Catastrophic Reserve.

CURRENT SITUATION AND ITS EFFECTS**FY 2020 Year-End Summary**General Fund

On June 25, 2019, the City Council adopted the FY 2020 budget (Adopted Budget).² The FY 2020 adopted General Fund revenues were \$197.0 million. The actual FY 2020 year-end General Fund revenues were \$220.4 million.

Included in the FY 2020 Adopted Budget were General Fund expenditures of \$196.9 million. During the fiscal year, there were three Adjustments to the Appropriation Ordinance totaling \$33.9 million, thus the total FY 2020 General Fund adjusted expenditure budget was \$230.8 million³. At the end of FY 2020, \$7.2 million was encumbered and rolled into FY 2021 resulting in an FY 2020 year-end adjusted expenditure budget of \$223.6. Not all of the budgeted funds were expended in FY 2020, so the FY 2020 year-end actual General Fund expenditures were \$219.0 million.

Revenues

At FY 2020 year-end, actual General Fund revenues were \$220.4 million. This was \$23.4 million above the adopted budget of \$197.0 million. The largest contributors to the revenue increase were Property Transfer Tax, which exceeded the budgeted amount by \$9.6 million⁴, Measure P – Transfer Tax⁵, which exceeded the budgeted amount by \$8.0 million, and Business License Tax generated from Measure U1 – Rental Unit Business License Tax⁶, which exceeded the budgeted amount by \$4.6 million. Together, these three revenue streams generated \$22.2 million above the FY 2020 adopted revenues for the General Fund.

Details on the FY 2020 General Fund revenues can be found in Attachment 1.

Expenditures

Actual FY 2020 General Fund expenditures were \$219.0 million. This was \$22.1 million above the initial adopted budget of \$196.9 million and \$4.6 million below the adjusted budget of \$223.6 million.

The actual General Fund expenditures came in below the adjusted budget due to salary savings in many departments. FY 2020 General Fund salary savings were \$4.8 million.

² https://www.cityofberkeley.info/Clerk/City_Council/2019/06_June/Documents/2019-06-25_Item_39_FY_2020_and_FY_2021_Biennial_Budget.aspx (Items #39 & #40)

³ https://www.cityofberkeley.info/Clerk/City_Council/2020/05_May/Documents/2020-05-12_Item_02_Amendment_FY_2020_Annual.aspx (Item #1, Exhibit A)

⁴ This amount will be reduced to \$9.2 million for the payment to the Workers Compensation Fund for the purchase of the University Avenue property

⁵ https://www.cityofberkeley.info/Clerk/Elections/Ballot_Measure_Archive_Page.aspx

⁶ Business License Tax of five or more units (U1)

In addition, there were funds for several projects that were budgeted but not completed in FY 2020. Funding allocations for ongoing projects are being carried over to FY 2021.

Details of the variances are included in Attachment 2 of this report.

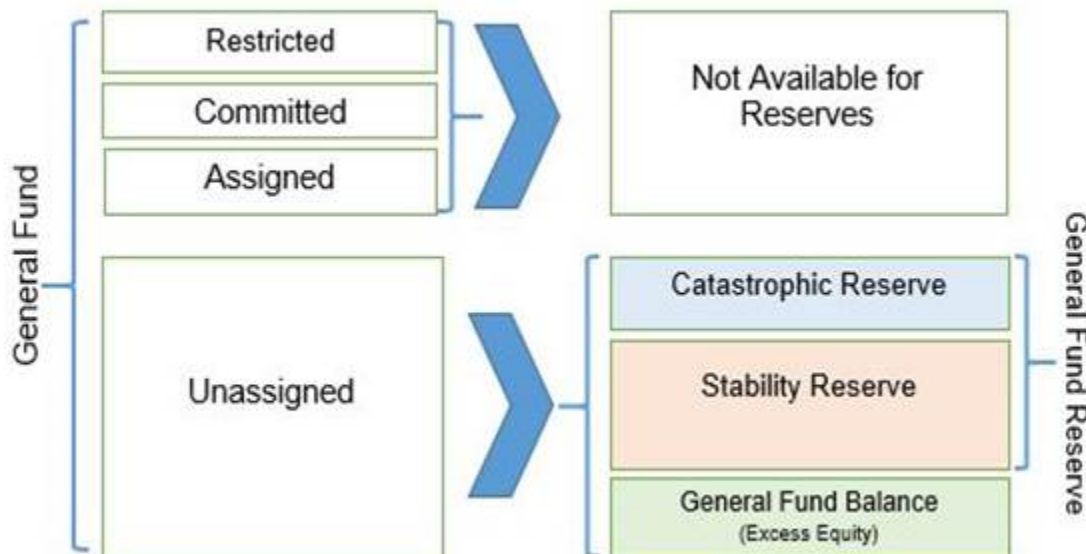
Details of the carryover requests are included in the AAO#1 on tonight's agenda.

Excess Equity

Starting in FY 2018 to achieve the City's intermediate and long-term General Fund Reserves goals, 50% of Excess Equity above the first \$1 million is allocated to General Fund Reserves. The chart below illustrates the FY 2020, \$1.75 million reserve calculation as well as the \$2.75 million calculation for the unassigned excess equity.

| GENERAL FUND EXCESS EQUITY CALCULATION | | | |
|---|--|-----------|---------------------|
| FY 2020 Beginning Balance | | \$ | 38,777,804 |
| FY 2020 Revenues | | \$ | 220,364,309 |
| FY 2020 Expenditures | | | (219,015,176) |
| Available Balance | | \$ | 40,126,937 |
| Less: | | | |
| Excess Property Transfer Tax Revenue* | | \$ | (9,188,555) |
| Measure U1 Fund Balance | | \$ | (10,017,583) |
| Measure P Fund Balance | | \$ | (9,859,779) |
| G. F. Encumbrances (AAO #1) | | \$ | (7,191,365) |
| G.F. Carryover & Other Adjustments (AAO #1) | | \$ | (8,551,265) |
| Total Restricted & Carryovers | | \$ | (35,619,992) |
| FY 2020 Available Excess Equity | | \$ | 4,506,945 |
| Allocation to Reserves | | \$ | 1,753,473 |
| Excess Equity Balance | | \$ | 2,753,473 |
| <i>*Policy can be suspended by Council to address FY 2021 funding priorities. Amount reduced by \$406,952 to repay loan to the Workers Compensation fund for the purchase of Premier Cru included in AAO#1.</i> | | | |

The calculation for excess equity is documented in the graphic below.



The graphic above shows the relation between excess equity as well as other restricted, committed, and assigned General Fund monies.

- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

General Fund Reserve

The General Fund Reserve is distinctly separate from the General Fund Balance (Excess Equity). On January 24, 2017, the City Council established [Resolution No. 67,821](#) – N.S., a policy for the General Fund Reserves.⁷ The General Fund reserves are comprised of two elements: a Stability Reserve and a Catastrophic Reserve.

The Stability Reserve was established to mitigate the loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls. Fifty-five percent of the General Fund Reserve is allocated to the Stability Reserve.

The Catastrophic Reserve was established to sustain the General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event. The Catastrophic Reserve may be used to respond to extreme onetime events, such as earthquakes, fires, floods, civil unrest, and terrorist attacks. Forty-five percent of the General Fund Reserve is allocated to the Catastrophic Reserve.

When the Council adopted the General Fund Reserve Policy the target level established for the Reserve was a minimum of 13.8% of Adopted General Fund Revenues with an Intermediate Goal of a minimum of 16.7% by the end of Fiscal Year 2020, if financially feasible. In addition, the Council adopted a Long-Term Goal of 30% of General Fund revenues, to be achieved within no more than 10 years. The Council demonstrated their commitment to these goals in the policy by assigning 50% of the General Fund Excess Equity above the first \$1 million to be allocated to Reserves. Additional Excess Equity may be allocated to Reserves by a majority vote of the Council. As part of the FY 2021 Mid-Biennial Budget Adoption, the Council approved the use of approximately \$11.4 million to help balance the General Fund deficit. The chart directly below illustrates the use of these reserves and the FY 2020 allocation of the \$1.75 million distributed to the General Fund Reserves, resulting in an actual Reserves level of 12.69%⁸.

| General Fund Reserves | Stability Reserve | Catastrophic Reserve | Reserve % |
|---|-------------------|----------------------|---------------|
| Beginning Cash Balance - | \$ 20.89 | \$ 16.91 | |
| Use of Reserves to balance FY 2021 Budget | \$ (6.90) | \$ (4.50) | |
| FY 2020 Allocation to Reserves | \$ 0.96 | \$ 0.79 | |
| % Allocation | 55% | 45% | |
| Reserve Balance | \$ 14.95 | \$ 13.20 | |
| Reserved for Camps Fund - Tuolumne Camp | | \$ (3.30) | |
| Ending Cash Balance - Reserves | \$ 14.95 | \$ 9.90 | 12.69% |

⁷ <https://www.cityofberkeley.info/recordsonline/export/17153922.pdf>

⁸ Based on the FY 2021 Adopted General Fund Revenues of \$195.8 million.

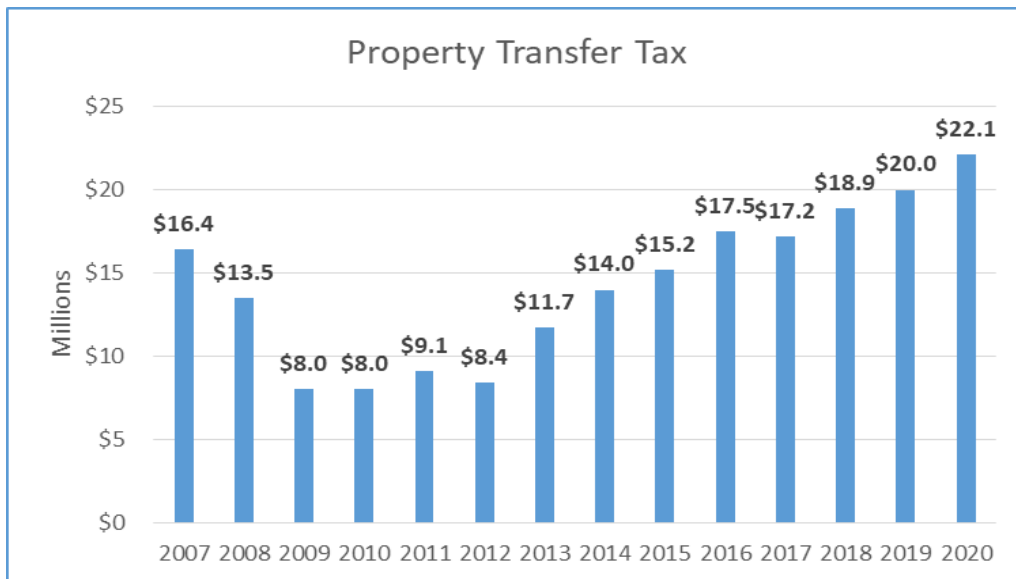
The allocations to the General Fund reserves are not included in AAO#1.

Funding for Capital Improvements

Property Transfer Tax

One of Council’s fiscal policies stipulates that the Property Transfer Tax in excess of the \$12.5 million operating baseline will be treated as one-time revenue to be used for the City’s capital infrastructure needs.

The chart below documents the historical trend of the City’s Property Transfer Tax from FY 2007 through FY 2020.



In FY 2020 the Property Transfer Tax included in the Adopted Budget was \$12.5 million. By year-end, the actual Property Transfer Tax was \$22.1 million. This is \$9.6 million over the \$12.5 million operating baseline threshold established by Council.

Of the \$9.6 million in excess Property Transfer Tax, \$406,952 is being allocated for a transfer to the Workers’ Compensation Fund to repay the loan for purchase of Premier Cru. The balance of \$9.2 million can be transferred to the Capital Improvement Fund or Council can suspend the policy to use these funds for FY 2021 funding priorities.

Measure U1 and Measure P

In November 2018 voters approved the passage of Measure P and in November 2016 the voters approved the passage of Measure U1. Measure P increased funding for general municipal purposes such as navigation centers, mental health support, rehousing and other services for the homeless, including homeless seniors and youth.

Measure U1 also makes available funding to support affordable housing. Although these are general fund revenues, the City tracks these revenue streams separately as Council has assigned these funds to homeless services and affordable housing.

The charts below summarize FY 2020 Measure U1 and Measure P revenues and expenditures.

| Measure U1 | |
|---|---------------|
| FY 2020 Beginning Measure U1 Balance | \$ 8,994,778 |
| FY 2020 U1 Revenues | \$ 5,597,359 |
| FY 2020 U1 Expenditures | \$ 3,574,554 |
| FY 2020 U1 Funds for Berkeley Relief Fund | \$ 1,000,000 |
| FY 2020 Ending U1 Fund Balance* | \$ 10,017,583 |
| *U1 FY 2020 Ending Fund Balance will be transferred from the General Fund to new U1 Fund in FY 2021. | |
| | |
| Measure P | |
| FY 2020 Beginning Measure P Balance | \$ 2,932,313 |
| FY 2020 Measure P Revenues | \$ 9,512,603 |
| FY 2020 Measure P Expenditures | \$ 985,137 |
| FY 2020 Measure P Funds for Berkeley Relief Fund | \$ 1,600,000 |
| FY 2020 Ending Measure P Balance | \$ 9,859,779 |

Below are the FY 2021 preliminary calculations for Measure U1 and Measure P.

| FY 2021 Beginning Measure U1 Balance | \$10,017,583 |
|---|--------------|
| FY 2021 U1 Revenues | \$ 2,700,000 |
| FY 2021 U1 Appropriated & Planned Expenditures | \$ 9,959,856 |
| FY 2021 Projected Ending U1 Fund Balance | \$ 2,757,727 |
| | |
| Measure P | |
| FY 2021 Beginning Measure P Balance | \$ 9,859,779 |
| FY 2021 Measure P Revenues | \$ 4,747,414 |
| FY 2021 Permanent Local Housing Allocation | \$ 1,000,000 |
| FY 2021 Measure P Appropriated & Planned Expenditures | \$10,469,224 |
| FY 2021 Ending Measure P Balance | \$ 5,137,969 |

A discussion on these funds information on these funds was held with the Budget & Finance Policy Committee on November 12, 2020.

Workers' Compensation Repayment for Purchase of University Avenue Property
The City appropriated \$6.7 million from the Workers' Compensation Fund for the Acquisition of Real Property at 1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street (formerly Premier Cru) with the purpose of redeveloping the majority of the site for below market-rate housing. In addition, a portion of the property was identified for use as an interim City Council Chamber with a seating capacity of 150-200 persons. Meetings of the City Council, the Rent Board, and the Zoning Adjustments Board would utilize the interim Council Chamber.⁹

Proposed repayment to the Worker's Compensation fund was to be made with revenue generated from a combination of the Business License Tax of five or more units (U1) and excess Property Transfer Tax. The proposed repayment schedule is illustrated below.

Summary of Proposed Funds for Repayment

Total Purchase Price: \$6,650,000

| Repayment Source | Principal Repayment Amount | Percent of Purchase Price |
|---|----------------------------|---------------------------|
| General Fund Excess Property Transfer Tax | \$ 2,000,000 | 30% |
| Measure U1 Business Tax Revenue | \$ 4,650,000 | 70% |

Annual Repayment Amounts by Source (with interest)

Total Repayment Amount: \$6,765,575

| Repayment Source | General Fund Excess Property Transfer Tax* | Measure U1 Business Tax Revenue** |
|------------------|--|-----------------------------------|
| FY 2017-18 | 406,952 | 946,163 |
| FY 2018-19 | 406,952 | 946,163 |
| FY 2019-20 | 406,952 | 946,163 |
| FY 2020-21 | 406,952 | 946,163 |
| FY 2021-22 | 406,952 | 946,163 |
| Total | \$2,034,760 | \$4,730,815 |

* Total General Fund excess Property Transfer Tax has averaged \$5.8 million over the last two years.

** Total Measure U1 Business Tax revenue is estimated at \$3 million annually.

Included in the AAO#1 on tonight's agenda is a \$406,952 General Fund allocation to repay the Workers' Compensation Fund for the portion of the property that will be used for the Council Chambers. The FY 2021 U1 funds for the \$946,163 payment were appropriated in the new Measure U1 Fund as part of the FY 2021 Mid-Biennial Budget Adoption.

⁹ https://www.cityofberkeley.info/Clerk/City_Council/2017/03_Mar/City_Council_03-28-2017_-_Regular_Meeting_Agenda.aspx (Item #32)

Other Funding Needs For Council's Consideration**Excess Transfer Occupancy Tax (Short Term Rentals)**

Included in Council's fiscal policies is the methodology to allocate General Fund revenues generated from Short Term Rentals. Starting in FY 2019, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with primary allocation of the rental tax to the purposes listed below:

- Two thirds (66.7%) allocated to the Affordable Housing Trust Fund.
- One third (33.3%) allocated to the Civic Arts Grant Fund.

On February 27, 2020, the Budget & Finance Policy Committee approved an item removing this policy with a positive recommendation to the Council and the following amendment:

That the Council consider the Committee's priorities for the short-term rental revenues as part of the budget process as follows:

- a. Sufficiently fund the implementation and enforcement of the short-term rental program;
- b. Keep the \$500,000 baseline for the arts grants program;
- c. Consider additional funding for the arts, including a capital grant program;
- d. Consider additional funding for affordable housing.

During the FY 2021 Mid-Biennial Budget discussions held in May, the Council discussed this item but did not take any official action on the policy.

The FY 2021 Adopted Budget has \$500,000 for the arts grants program.

Unfunded Liabilities

On April 4, 2017, there was a Council Worksession in which the City's outside actuary presented the [Projections of Future Liabilities - Options to Address Unfunded Liabilities Tied to Employee Benefits](#). The actuary provided several options for Council's consideration that would reduce the City's unfunded liabilities tied to post-employee benefits. Included in the recommendations were the following:

- Investing for the long-term to generate more earning to meet long-term funding targets,
- Increase annual contribution by approximately \$4.5 million per year and fully pre-fund the plans, and
- Establish an irrevocable supplemental trust for CalPERS to stabilize the increasing employer contribution rates.

On June 26, 2018, Council authorized the City Manager to establish an IRS Section 115 Pension Trust Fund (Trust) to be used to help pre-fund pension obligations¹⁰. On May 14, 2019, Council authorized the City Manager to execute a contract with Keenan date, Council has allocated \$9.1 million to fund the Trust, which consists of the following:

- ✓ \$4 million set aside in the PERS Savings Fund
- ✓ \$4 million allocated by Council in November 2018
- ✓ \$1.1 million discount the City saved by prepaying the FY 2019 unfunded liability payments required by CalPERS

Ongoing funding of the Trust has not yet been identified and is needed to ensure continuity of services as the City's pension contributions increase. As the Budget and Finance Policy Committee review Council's Fiscal Policies, a policy to identify ongoing funding of the Trust will be part of that discussion. No additional funding of the Trust is included in the AAO#1 on tonight's agenda. However, Council may vote to allocate additional Excess Equity to fund the Trust.

One thing that staff is paying close attention to and will increase the City's Unfunded Liabilities in the coming years will be the underperforming of CalPERS returns in FY 2020.

Council Budget Referrals Deferred for Consideration in November 2020

On June 30, 2020, Council referred the following Supplemental Budget Recommendations to the budget process for consideration in November 2020. Funding for these budget referrals is not included in AAO#1.

| Council Items Referred to November 2020 AAO Process | |
|--|---------------------------------|
| Contribution to Section 115 Trust Fund | \$4,000,000 |
| Structure and Framework for an Office of Racial Equity | \$150,000 |
| Solano Avenue Plan (OED or PW Transportation) | \$150,000 |
| Bay Area Book Festival 2021 Funding | \$50,000 |
| General Fund Reserves Replenishment | TBD based on available revenues |

¹⁰ https://www.cityofberkeley.info/Clerk/City_Council/2018/06_June/Documents/2018-06-26_Item_19_Authorization_to_Establish_IRS.aspx

In addition, between July 14, 2020 and November 10, 2020, there were 15 Council items referred to the budget process for consideration in November 2020. These budget referrals are listed in Attachment 5.

Funding for these budget referrals is not included in AAO#1.

All Funds

On an All Funds basis, the City finished FY 2020, \$117 million (18%) under the adjusted budget. These fund balances are largely dedicated to projects, capital improvements that have not yet been completed, and personnel cost savings. For example, \$37 million is in the Department of Public Works. A sampling of the \$37 million underspending includes the following:

- State Transportation Tax (+\$2.9 million) \$1.1 million in salary savings and \$1.7 million in project funding for various street and storm drain program projects continued for completion in FY 2021.
- Capital Improvement Fund (+\$5.5 million): \$0.7 million in salary savings and \$4.3 million in project fund carryover for transportation, street, facilities project funds to FY 2021 due to project timing, including ADA Transition Plan Update, Shattuck Reconfiguration, FY 20 Street Rehab, Storm Drain and Sidewalk Repair projects.
- Measure B (+\$1.7 million) \$0.3 million in salary savings and \$1.4 million in street improvement projects project budget to carried over into FY 2021 for construction completion.
- Measure BB (+4.9 million) \$0.1 million in salary savings and \$4.7 million in sidewalk and street improvement projects project budget to be carried over into FY 2021 for completion.

In addition, the Department of Health Housing and Community Services had \$32 million in underspending primarily as a result of funds allocated to projects and programs not fully expended by the end of the fiscal year that will be carried forward to FY 2021, new positions being filled after the start of the fiscal year and vacancies throughout the department. Of the \$32 million, over \$13 million is allocated for housing development contracts to be encumbered in FY 2021, approximately \$3.1 million was accumulated in the Housing Trust Fund to be disbursed for various Housing Development projects at a later date, and almost \$1.9 million were CDBG funds committed to programs that were not expended during the fiscal year and will be carried forward. Over \$3 million are related to grant balances, including COVID allocations that will carry over into FY 2021. Over \$5 million in unspent Mental Health Service Act Funds and Mental Health Realignment funds resulted from vacancies throughout the division, new positions budgeted for the full year but not filled until later in the fiscal year and delays in implementation of new programs.

Information Technology had \$17.3 million in underspending due to FUND\$ Replacement Funds and IT Cost Allocation Funds not being fully spent in FY 2021. Only funds for active projects will be carried over to FY 2021.

Parks Recreation and Waterfront had \$17.1 million in underspending due to personnel savings and unexpended project funds in the Playground Camp, Parks Tax Fund, and Measure T1 Fund. Only certain unspent project funds will be carried over to FY 2021.

Finally, the Library Fund had underspending of \$5.3 million due in large part to unexpected delays to initiating construction of the Central Library Improvement Project; and although project construction began in early 2020, the Shelter-in-Place order declared in March temporarily suspended and subsequently slowed on-site activities.

Attachment 1 provides information on the FY 2020 Year-End General Fund Revenues and includes a variance analysis.

Attachment 2 provides information on unspent FY 2020 Year-End Expenditures.

Additional detailed information on unspent funds can be found in the AAO#1 on tonight's agenda.

FY 2021 First Quarter Summary

General Fund Revenues

The first quarter review generally focuses primarily on the major revenue fluctuation and changes that have occurred that might result in significant changes in future projections. However, in light of the disruptions created by the COVID-19 pandemic, Staff recognize that it would be wise, where possible to present revisions to revenue projections at this time based on the first quarter trends, and then refine them more during the mid-year update.

During the first quarter of FY 2021, General Fund revenue and transfers decreased significantly from the first quarter of FY 2020 by \$5,424,521 or 15.7%, due primarily to a decline of \$2,465,224 in Property Transfer Taxes, a decline of \$840,169 in Sales Taxes, a decline of \$1,717,910 in Transient Occupancy Taxes (TOT), a decline of \$517,575 in Parking Fines, a decline of \$676,108 in Ambulance Fees, and a decline of \$460,913 in Interest Income. These declines were partially offset by an increase of \$480,961 in Other Income and an increase in Transfers of \$3,115,969.

For additional information on the First Quarter General Fund Revenues please see Attachment 3.

General Fund Expenditures

General Fund expenditures are currently tracking close to within budget as departments tend to encumber funds purchase orders for the entire year in the first few months of the

year. Staff will continue to monitor the budget and report back at mid-year on the impacts of the key challenges discussed earlier in this report.

Attachment 4 provides additional information on the FY 2021 First Quarter Expenditures by department and includes a variance analysis

Next Steps

Staff will present second-quarter revenue and expenditure projections at the FY 2021 Mid-Year Update and the Projection of Future Liabilities Report in February 2021.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City's environmental sustainability goals and requirements.

CONTACT PERSON

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Henry Oyekanmi, Finance Director, Department of Finance, 981-7300

Rama Murty, Senior Management Analyst, City Manager's Office, 981-7000

Attachments:

- 1: FY 2020 Year End General Fund Revenues
- 2: FY 2020 Year End General Fund and All Funds Expenditures
3. FY 2021 1st Quarter General Fund Revenues
4. FY 2021 1st Quarter General Fund and All Funds Expenditures
5. Summary of Council Referrals to the Budget Process

General Fund Revenue for FY 2020 and Comparison with FY 2019

| Revenue Categories | FY 2020 | | | | FY 2019 | | | | Comparison FY20 vs FY 19 | |
|--|----------------------|----------------------|---------------------|----------------|----------------------|----------------------|---------------------|----------------|--------------------------|---------------|
| | Adopted | Actual | Variance | % Received | Adopted | Actual | Variance | % Received | Amount | % |
| | (a) | (b) | c=(b) - (a) | (d) = (b)/(a) | (e) | (f) | g=(f) - (e) | (h) = (f)/(g) | (i) = (b) - (f) | (j) = (i)/(f) |
| Secured Property | \$63,199,622 | \$63,192,678 | (\$6,944) | 99.99% | \$57,966,998 | \$59,178,773 | \$1,211,775 | 102.09% | 4,013,905 | 6.78% |
| Redemptions -Regular | 668,140 | 580,941 | (87,199) | 86.95% | 668,140 | 590,395 | (77,745) | 88.36% | (9,454) | -1.60% |
| Supplemental Taxes | 1,400,000 | 2,334,597 | 934,597 | 166.76% | 1,400,000 | 2,174,903 | 774,903 | 155.35% | 159,694 | 7.34% |
| Unsecured Property Taxes | 2,500,000 | 3,164,168 | 664,168 | 126.57% | 2,500,000 | 2,878,275 | 378,275 | 115.13% | 285,893 | 9.93% |
| Property Transfer Tax | 12,500,000 | 12,500,000 | (0) | 100.00% | 12,500,000 | 12,500,000 | 0 | 100.00% | (0) | 0.00% |
| Property Transfer Tax-Measure P | 1,509,218 | 9,512,603 | 8,003,385 | 630.30% | | 2,932,313 | 2,932,313 | | 6,580,290 | 224.41% |
| Sales Taxes | 18,238,000 | 17,557,539 | (680,461) | 96.27% | 18,140,977 | 18,663,550 | 522,573 | 102.88% | (1,106,011) | -5.93% |
| Soda Taxes | 1,459,057 | 1,331,313 | (127,744) | 91.24% | 1,500,000 | 1,547,349 | 47,349 | 103.16% | (216,036) | -13.96% |
| Utility Users Taxes | 15,000,000 | 13,475,915 | (1,524,085) | 89.84% | 15,000,000 | 13,973,744 | (1,026,256) | 93.16% | (497,829) | -3.56% |
| Transient Occupancy Taxes | 7,800,000 | 6,387,495 | (1,412,505) | 81.89% | 7,800,000 | 7,995,188 | 195,188 | 102.50% | (1,607,693) | -20.11% |
| Short-term Rentals | 1,020,000 | 1,280,317 | 260,317 | 125.52% | 840,000 | 1,830,983 | 990,983 | 217.97% | (550,666) | -30.07% |
| Business License Tax | 19,284,000 | 20,863,685 | 1,579,685 | 108.19% | 18,500,000 | 19,207,784 | 707,784 | 103.83% | 1,655,902 | 8.62% |
| Recreational Cannabis | 510,000 | 1,300,887 | 790,887 | 255.08% | 500,000 | 1,168,794 | 668,794 | 233.76% | 132,093 | 11.30% |
| Medicinal Cannabis | 300,000 | 145,768 | (154,232) | 48.59% | 700,000 | 641,019 | (58,981) | 91.57% | (495,252) | -77.26% |
| U1 Revenues | 1,000,000 | 5,597,359 | 4,597,359 | 559.74% | 1,000,000 | 5,828,443 | 4,828,443 | 582.84% | (231,084) | -3.96% |
| Other Taxes | 1,116,860 | 1,536,731 | 419,871 | 137.59% | 1,049,800 | 1,688,101 | 638,301 | 160.80% | (151,370) | -8.97% |
| Vehicle In-Lieu Taxes | 13,333,826 | 13,356,044 | 22,218 | 100.17% | 12,381,128 | 12,540,784 | 159,656 | 101.29% | 815,260 | 6.50% |
| Parking Fines-Regular Collections | 6,600,000 | 3,891,910 | (2,708,090) | 58.97% | 5,818,123 | 6,002,211 | 184,088 | 103.16% | (2,110,301) | -35.16% |
| Parking Fines-Booting Collections | 200,000 | 8,685 | (191,315) | 4.34% | 200,000 | 211,913 | 11,913 | 105.96% | (203,228) | -95.90% |
| Moving Violations | 190,000 | 209,894 | 19,894 | 110.47% | 235,000 | 177,824 | (57,176) | 75.67% | (32,070) | -13.03% |
| Ambulance Fees | 4,200,000 | 4,996,193 | 796,193 | 118.96% | 4,613,194 | 4,424,808 | (188,386) | 95.92% | 571,385 | 12.91% |
| Interest Income | 3,500,000 | 6,702,564 | 3,202,564 | 191.50% | 2,500,000 | 4,334,404 | 1,834,404 | 173.38% | 2,368,160 | 54.64% |
| Franchise Fees | 2,068,928 | 1,839,102 | (229,826) | 88.89% | 1,984,643 | 1,821,316 | (163,327) | 91.77% | 17,786 | 0.98% |
| Other Revenue | 8,044,544 | 8,032,193 | (12,351) | 99.85% | 7,620,152 | 8,116,908 | 496,756 | 106.52% | (84,715) | -1.04% |
| IDC Reimbursement | 6,100,000 | 5,489,783 | (610,217) | 90.00% | 4,952,317 | 5,223,725 | 271,408 | 105.48% | 266,058 | 5.09% |
| Transfers | 5,266,688 | 5,480,439 | 213,751 | 104.06% | 4,385,568 | 5,356,132 | 970,564 | 122.13% | 124,307 | 2.32% |
| Total Undesignated Revenue | \$197,008,883 | \$210,768,802 | \$13,759,919 | | \$184,756,040 | \$201,009,639 | \$16,253,599 | | \$9,759,163 | |
| Prop. Transfer Taxes for capital improvements | 4,500,000 | 9,595,507 | 5,095,507 | | 4,500,000 | 7,452,981 | 2,952,981 | | 2,142,526 | |
| Total Designated Revenue and Transfers: | \$201,508,883 | \$220,364,309 | \$18,855,426 | 109.36% | \$189,256,040 | \$208,462,620 | \$19,206,580 | 110.15% | \$11,901,689 | 5.71% |

Notes: (1) This statement is presented on a budgetary basis (i.e., cash).
 (2) Current vendor no longer breaks out Regular and Booting Parking Fines Collections

The General Fund revenues were on track to finish FY 2020 slightly below the growth rate experienced through the first half of FY 2020 (15.93%). However, once COVID-19 pandemic hit and the shelter in place order was implemented, the economic activity that drives some of the General Fund revenue streams caused a decline in the growth rate for the second half of FY 2020.

Property Tax Revenue Streams:

Because of the way that property taxes are assessed, due and paid, property taxes were only mildly impacted or not impacted at all. For example:

| | Secured Taxes | Unsecured Taxes |
|-------------------|---------------|-----------------|
| Lien date | January 1 | January 1 |
| Levy dates | July 1 | July 1 |
| Due dates: | | July 1 |
| 50% | November 1 | |
| 50% | February 1 | |
| Delinquent as of: | | August 1 |
| For November | December 10 | |
| For February | April 10 | |

Revenue Streams Reliant Upon Business and Other Activity:

As a result of the Governor's shelter in place orders to close all non-essential businesses, almost all business-related activity came to a halt and resulted in significant negative impact on the following revenue streams:

- Transient Occupancy Taxes (TOT)- Had growth of 3.51% at mid-year;
- Property Transfer Taxes-Had growth of 26.3% at mid-year;
- Parking fines-Had negative growth of 12.81% at mid-year;
- Sales Taxes- Had growth of .33% at mid-year;
- Utility Users Taxes- Had growth of .32% at mid-year;
- Other income- Had growth of 4.68% at mid-year; and,
- Ambulance fees-Had growth of 12.48% at mid-year.

During FY 2020, General Fund revenue increased from FY 2019 by \$11,901,689 or 5.71%, due primarily to an increase in Secured Property Taxes (+\$4,013,905), an increase in Measure P Property Transfer Tax (+6,580,290), an increase in Property Transfer Taxes (+2,142,526), and an increase in Interest Income (+2,368,160).

The annual review focuses primarily on the major revenue fluctuation and changes that have occurred that might result in significant changes in future projections.

Secured Property Tax (+\$4,013,905 more than FY 2019 Actual)

During FY 2020, Secured Property Tax revenues totaled \$63,192,678, which was \$4,013,905 or 6.78% more than the \$59,178,773 received for FY 2019. This was consistent with the County's FY 2020 Certification of Assessed Valuation growth of 6.60%.

Property Transfer Tax (+\$2,142,526 more than FY 2019 Actual)

During FY 2020, Property Transfer Tax totaled \$22,095,507, which was \$2,142,526 or 10.74% more than the \$19,952,981 received during FY 2019. The primary reason for the \$2,142,526 increase in Property Transfer Tax was the sale of a group of properties totaling \$87.5 million in the first quarter of FY 2020 that resulted in Property Transfer Tax of \$1,312,500.

In addition, \$9,512,603 in Measure P taxes (tax took effect December 21, 2018) was collected during FY 2020 compared to \$2,932,313 collected during FY 2019. The primary reason for the increase is the same as that for Property Transfer Tax above.

Sales Tax (-\$1,106,010 less than FY 2019 Actual)

For FY 2020, Sales Tax revenue totaled \$17,557,540, which is \$1,106,010 or 5.93% less than the \$18,663,550 received during FY 2019. Part of the decline was due to the Governor's shelter in place orders in March 2020. In addition, the FY 2019 total included \$555,600 in revenues that should have been received in FY 2018. This resulted when the California Department of Tax and Fee Administration (Formerly State Board of Equalization) changed the allocations from three advances and a cleanup to two advances and a cleanup; they underpaid Berkeley Sales Tax revenue in the first quarter of FY 2018 by \$555,600 and paid it during FY 2019.

Utility Users Taxes (- \$497,829 less than FY 2019 Actual)

Utility Users Taxes revenue for FY 2020 totaled \$13,475,915, which is \$497,829 or 3.56% less than the \$13,973,744 received during FY 2019. This decline of \$497,829 resulted from changes in the following sectors: Telephone (-\$519,353; Cable (-\$109,812); Cellular (+\$23,152); Electric (+\$41,302; and Gas (+\$66,883).

Transient Occupancy Tax (-\$1,607,693 less than FY 2019 Actual)

Transient Occupancy Tax (TOT) revenue for FY 2020 totaled \$6,387,495 which is \$1,607,693 or 20.11% less than the \$7,995,188 received during FY 2019. The decrease in FY 2020 TOT revenue is attributable to a substantial decline in room occupancy due to the Governor's shelter in place orders. For example, the shelter in place resulted in a decline of \$1,422,163 or 22.6% in TOT revenue at the five largest hotels in Berkeley during FY 2020, versus a 4.31% increase during FY 2019.

Business License Taxes (+\$1,655,902 more than FY 2019 Actual)

Business license Taxes (BLT) revenue for FY 2020 totaled \$20,863,685, which is \$1,655,902 or 8.62% more than the \$19,207,784 received during FY 2019. Categories with significant increases were the following: Professional/semi-professional (+\$413,395); Business personal repair service (+\$146,659); Construction/contractor (+\$58,562); Retail (+\$35,864); and Administrative Headquarters (+\$49,929).

Vehicle In Lieu Taxes (+\$815,260 more than FY 2019 Actual)

Vehicle in Lieu Taxes (VLF) revenue for FY 2020 totaled \$13,356,044, which is \$815,260 or 6.5% more than the \$12,540,784 received during FY 2019. This was consistent with the County's FY 2020 Certification of Assessed Valuation growth of 6.60%.

Parking Fines (-\$2,110,301 less than FY 2019 Actual)

Parking Fines revenue for FY 2020 totaled \$3,891,910 which is \$2,110,301 or 35.16% less than the \$6,002,211 received during FY 2019, due to Parking Enforcement stopping ticket writing as a result of the Governor's shelter in place orders, due to the pandemic.

Ambulance Fees (+\$571,385 more than FY 2019 Actual)

Ambulance Fees revenue for FY 2020 totaled \$4,996,193 which is \$571,385 or 12.91% more than the \$4,424,808 received during FY 2019. This increase was due to more aggressive collection efforts and new Medi-Cal QAF (Quality Assurance Fee) receipts of approximately \$617,452 in FY 2020 versus \$2,685 in FY 2019.

Interest Income (+\$2,368,160 more than FY 2019 Actual)

For FY 2020, interest income totaled \$6,702,564 which is \$2,368,160 or 54.64% more than the total of \$4,334,404 received during FY 2019. This increase is primarily attributable to (1) an increase in net interest income from long-term investments (after allocations to other funds) of \$1,874,173 in FY 2020; (2) an increase of \$376,697 in interest income on cash balances at the custodial bank in FY 2020. In FY 2019, such interest income was netted against the bank fees charged; and, (3) a FY 2019 adjustment to allocate interest to Measure M that was earned, but not allocated in FY 2014 through FY 2018 (\$352,189)

It should be noted that on March 15, 2020, the Federal Reserve Board voted to cut interest rates back to zero, in order to mitigate the negative impact of the COVID-19 pandemic on the US economy. As a result, interest income in FY 2021 and beyond will be significantly lower than the total in FY 2020.

Indirect Cost Reimbursements (+\$266,058 more than FY 2019 Actual)

IDC Reimbursement for FY 2020 totaled \$5,489,783 which is \$266,058 or 5.09% more than the \$5,223,725 received during FY 2019. This is primarily attributable to an increase in direct salaries and wages of \$1,279,724 or 5.0% for departments/divisions that are charged indirect costs; and, there was no change in the indirect cost rate charged. IDC Reimbursement increases result from increases in the indirect cost allocation base (i.e., total direct salaries and wages in the fund), an increase in the indirect cost rate or both.

FY 2020 Year End Expenditures

General Fund

| Department | FY 2020 Adopted | FY 2020 Adjusted | Year-End Actuals | Balance | Percent Expended |
|--------------------------------------|--------------------|---------------------|---------------------|------------------|---------------------|
| Mayor & Council | 2,398,876 | 2,616,304 | 2,525,920 | 90,384 | 97% |
| Auditor | 2,625,103 | 2,652,154 | 2,432,086 | 220,068 | 92% |
| Rent Board | 0 | 602,015 | 579,015 | 23,000 | 96% |
| City Manager | 11,037,283 | 14,441,511 | 14,205,540 | 235,971 | 98% |
| City Attorney | 2,516,581 | 2,945,069 | 2,217,772 | 727,297 | 75% |
| City Clerk | 3,004,901 | 3,173,477 | 2,069,740 | 1,103,737 | 65% |
| Finance | 6,797,353 | 7,722,946 | 6,596,629 | 1,126,317 | 85% |
| Human Resources | 2,329,292 | 3,301,578 | 2,270,953 | 1,030,625 | 69% |
| Information Technology | 213,210 | 1,988,228 | 1,396,627 | 591,601 | 70% |
| Health, Housing & Community Services | 17,553,283 | 29,145,113 | 27,809,295 | 1,335,818 | 95% |
| Parks, Recreation and Waterfront | 7,105,343 | 7,724,377 | 6,987,223 | 737,154 | 90% |
| Planning | 2,426,051 | 3,711,249 | 2,540,320 | 1,170,929 | 68% |
| Public Works | 4,404,030 | 5,861,827 | 4,729,001 | 1,132,826 | 81% |
| Police | 70,622,557 | 70,973,523 | 75,754,210 | (4,780,687) | 107% |
| Fire | 36,019,089 | 38,158,291 | 38,848,003 | (689,712) | 102% |
| Non-Departmental | 27,860,897 | 28,607,285 | 28,052,841 | 554,444 | 98% |
| Total | 196,913,849 | 223,624,947 | 219,015,176 | 4,609,771 | 98% |

All Funds (including General Fund)

| Department | FY 2020 Adopted | FY 2020 Adjusted | Year-End Actuals | Balance | Percent Expended |
|--------------------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| Mayor & Council | 2,398,876 | 2,616,304 | 2,525,920 | 90,384 | 97% |
| Auditor | 2,714,111 | 2,741,162 | 2,527,125 | 214,037 | 92% |
| Rent Board | 5,334,943 | 5,973,313 | 5,755,222 | 218,091 | 96% |
| City Manager | 14,548,957 | 19,748,713 | 17,831,838 | 1,916,875 | 90% |
| Library | 26,114,585 | 24,199,430 | 18,865,464 | 5,333,966 | 78% |
| City Attorney | 4,594,533 | 5,949,268 | 4,555,976 | 1,393,292 | 77% |
| City Clerk | 3,004,901 | 3,173,477 | 2,069,740 | 1,103,737 | 65% |
| Finance | 8,766,934 | 9,756,916 | 8,362,334 | 1,394,582 | 86% |
| Human Resources | 4,240,103 | 5,205,076 | 3,924,687 | 1,280,389 | 75% |
| Information Technology | 19,404,413 | 32,841,001 | 15,495,905 | 17,345,096 | 47% |
| Health, Housing & Community Services | 54,597,950 | 92,609,169 | 60,597,079 | 32,012,090 | 65% |
| Parks, Recreation and Waterfront | 46,600,585 | 60,678,313 | 43,593,489 | 17,084,824 | 72% |
| Planning | 24,506,913 | 25,346,313 | 21,595,399 | 3,750,914 | 85% |
| Public Works | 133,015,850 | 177,037,839 | 140,089,888 | 36,947,951 | 79% |
| Police | 74,979,834 | 76,161,558 | 79,762,712 | (3,601,154) | 105% |
| Fire | 44,379,144 | 47,193,247 | 48,213,947 | (1,020,700) | 102% |
| Non-Departmental | 56,654,177 | 59,049,867 | 57,550,067 | 1,499,800 | 97% |
| Total | 525,856,809 | 650,280,966 | 533,316,793 | 116,964,173 | 82% |

FY 2020 Year-End Expenditures Variance Analysis**Significant General Fund Variances**

- City Manager's Office (+235,971) was due to salary savings from vacant positions and underspending in non-personnel funds. Non-personnel funds not spent in FY 2020 were \$200,000 for the Berkeley Contracting Availability Study and \$100,000 for a Citywide Risk Assessment. The funds for the Citywide Risk Assessment were deferred to help with balancing the FY 2020 budget and will not be carried over to FY 2021. The funds for the Berkeley Contracting Availability Study will be carried over to FY 2021.
- City Attorney (+783,082) was due to salary savings from vacant positions in FY 2020.
- City Clerk (+1,278,677) was due to funds for regular elections, the March 2020 primary election, and funds for the Fair Election Campaign Fund not being fully spent in FY 2020. FY 2020 funds for the regular elections will be carried over to FY 2021 to pay for the November elections. The Fair Election Campaign Funds will be carried over and transferred from the General Fund to the newly created Fair Election Campaign Fund created for FY 2021.
- Finance (+2,106,684) was due to salary savings from vacant positions and funds for banking services, IT consultants, and other professional services not being fully spent in FY 2020.
- Human Resources (+1,091,293) was due to salary savings from vacant positions and funds for labor negotiations and a compensation and classification study not being fully spent in FY 2020. The funds for labor negotiations and the compensation and classification study will be carried over to FY 2021.
- Health, Housing and Community Services (\$1,335,818) was due to salary savings from vacant positions and underspending of non-personnel funds.
- Parks, Recreation & Waterfront (\$737,154) was due to career and hourly salary savings and non-personnel savings. The hourly salary savings was a result of the spring recreation programs being canceled due to COVID-19 and the Shelter in Place order.
- Planning (\$1,170,929) was due to salary savings and allocations approved by Council that were not fully spent in FY 2020. Allocations that were deferred for FY 2020 and will not be carried over are the following:

| | |
|---|------------|
| CEQA student housing | \$ 45,000 |
| Density Standards | \$ 8,000 |
| Southside EIR | \$ 58,000 |
| Missing Middle RFP Study | \$ 100,000 |
| BART Station Env Planning | \$ 50,000 |
| Landmarks Pres Grants | \$ 20,000 |
| BART Station Env Planning (ph 3 deferral) | \$ 40,000 |

- Public Works (\$1,132,826) was due to salary savings and non-personnel funds for Funding Illegal Dumping Component of “Clean & Livable Commons Initiative” (\$200,000), Measure P allocated funds for the Downtown Streets Team (\$225,000), and funds for a sweeper (\$300,000) not being spent in FY 2020. The funds for these items will be carried over to FY 2021.
- Police (-\$4,780,687) was due to total overtime expenditures being \$5,254,848 over budget. The overage in overtime expenditures was due to many factors including maintaining adequate operational staffing levels in all of the units requiring 24-hour operations; staff being called in for special operations callouts and responses; longer duration events and demonstrations which required substantial departmental staffing and resources; and increased requests for reimbursable services. Salary and benefit savings resulted in the total personnel budget being over budget by \$4,714,175. The non-personnel budget was over budget by \$66,512, which was due to higher costs for vehicle maintenance and replacement. These costs were offset by savings in other non-personnel categories in FY 2020.
- Fire (-\$689,712) was primarily the result of the personnel budget being over budget by -\$725,176. Mutual Aid Overtime caused some of the personnel overage and the City has been reimbursed \$266,483.55 for the assistance provided. Non-personnel savings of \$35,464 helped to reduce the total overage down to the final -\$689,712 figure.

Significant All Funds Variances

- Information Technology (+\$17,345,096) was due to FUND\$ Replacement Funds and the IT Cost Allocation Fund not being fully spent in FY 2020.
- Health, Housing & Community Services fund balance (+\$32,098,325) was primarily the result of funds allocated to projects and programs not fully expended by the end of the fiscal year which will be carried forward to FY 2021, new positions being filled after the start of the fiscal year and vacancies throughout the department. Of the \$32 million, over \$13 million is allocated for housing development contracts to be encumbered in FY 2021, approximately \$3.1 million was accumulated in the Housing Trust Fund to be disbursed for various Housing Development projects at a later date, and almost \$1.9 million were CDBG funds committed to programs that were not expended during the fiscal year and will be carried forward. Over \$3 million are

related to grant balances, including COVID allocations that will carry over into FY 2021. Over \$5 million in unspent Mental Health Service Act Funds and Mental Health Realignment funds resulted from vacancies throughout the division, new positions budgeted for the full year but not filled until later in the fiscal year and delays in implementation of new programs. These funds have been carried forward into FY 2021. Additionally funds were unspent due to long-term vacancies that are difficult to fill, such as nurses and psychiatrists, and anticipated expenses on State Health grants we were unable to draw down because the activities did not take place due to COVID restrictions. Almost \$1 million was added to the fund balance in Realignment due to uncertainty in future revenues and vacancies. Of the \$1.3 million in general fund unexpended, a little under \$500,000 has been requested in carryforwards and another \$500,000 will go towards a Measure U1 Housing Development contract in FY 2021.

- Public Works (+\$36,947,951) were largely due to the following:
 - General Fund (+\$1.1 million): \$0.6 million in carryover for projects to be completed in FY 2021, \$0.4 million for Equipment Purchases carried forward into FY 2021.
 - Sewer Fund (+\$3.8 million): \$1.3 million in personnel savings due to vacancies, \$2.3 million in continuing and deferred sewer projects scheduled for completion in FY 2021.
 - State Transportation Tax (+\$2.9 million) \$1.1 million in salary savings and \$1.7 million in project funding for various street and storm drain program projects continued for completion in FY 2021.
 - Capital Improvement Fund (+\$5.5 million): \$0.7 million in salary savings and \$4.3 million in project fund carryover for transportation, street, facilities project funds to FY 2021 due to project timing, including ADA Transition Plan Update, Shattuck Reconfiguration, FY 20 Street Rehab, Storm Drain and Sidewalk Repair projects.
 - Measure B (+\$1.7 million) \$0.3 million in salary savings and \$1.4 million in street improvement projects project budget to carried over into FY 2021 for construction completion.
 - Measure BB (+4.9 million) \$0.1 million in salary savings and \$4.7 million in sidewalk and street improvement projects project budget to be carried over into FY 2021 for completion.
 - Off Street Parking (+0.3 million) and Parking Meter (+0.6 million): A combined total of \$0.1 million in salary savings and \$0.2M On -Street Parking Fund savings due to project budget carryover to FY 2021, and \$0.3 million in Parking Management savings.
 - Caltrans Grant (+\$1.3 million) \$1.3 million in project carryover into FY 2021 for transportation projects.
 - T1 (+\$1.5 million) \$1.5 million in carryover for various T1 projects with work continuing into FY 2021.
 - Streetlight Assessment (+\$0.8 million) \$0.6 million in salary savings, and \$0.2 million in capital project carryover into FY 2021.
 - Clean Storm (+\$2.6 million) \$1.3 million in salary savings, \$1.0 million in capital project carryover into FY 2021.
 - Building Maintenance (+\$1.1 million) \$0.9 million in salary savings due to vacancies.

- Equipment Replacement (+\$2.6 million) \$2.6 million for replacement purchases initially scheduled for FY 2020 but to be completed in FY 2021.
- Parks Recreation and Waterfront (+\$17,084,824) due to personnel savings and unexpended project funds in the Playground Camp, Parks Tax Fund, and Measure T1 Fund. Only certain unspent project funds will be carried over to FY 2021.
- Library (+\$5,333,966) due in large part to unexpected delays to initiating construction of the Central Library Improvement Project; and although project construction began in early 2020, the Shelter-in-Place order declared in March temporarily suspended and subsequently slowed on-site activities. Secondly, personnel costs contributed significant savings due to staffing vacancies – a factor which was further reinforced by the city-wide hiring freeze instituted on April 27 in response to impacts of the pandemic on the City's fiscal resources.

General Fund Revenue for 1st Quarter FY2021 and Comparison With 1st Quarter of FY2020

| Revenue Categories | FY 2021 | | | | FY 2020 | | | | Comparison FY21 vs FY 20 | |
|---|----------------------|---------------------|-----------------------|---------------|----------------------|---------------------|-----------------------|---------------|--------------------------|----------------|
| | Adopted | Actual | Variance | % Received | Adopted | Actual | Variance | % Received | Amount | % |
| | (a) | (b) | c=(b) - (a) | (d) = (b)/(a) | (e) | (f) | g=(f) - (e) | (h) = (f)/(g) | (i) = (b) - (f) | (j) = (i)/(f) |
| Secured Property | \$61,165,454 | \$428,517 | (\$60,736,937) | 0.70% | \$63,199,622 | \$306,451 | (\$62,893,171) | 0.48% | 122,066 | 39.83% |
| Redemptions - Regular | 534,512 | 123,151 | (411,361) | 23.04% | 668,140 | 69,946 | (\$598,194) | 10.47% | 53,205 | 76.07% |
| Supplemental Taxes | 1,260,000 | 313,161 | (946,839) | 24.85% | 1,400,000 | 310,555 | (\$1,089,445) | 22.18% | 2,606 | 0.84% |
| Unsecured Property Taxes | 2,250,000 | 2,867,793 | 617,793 | 127.46% | 2,500,000 | 2,652,522 | \$152,522 | 106.10% | 215,271 | 8.12% |
| Property Transfer Tax | 16,500,000 | 4,160,284 | (12,339,716) | 25.21% | 12,500,000 | 6,625,508 | (\$5,874,492) | 53.00% | (2,465,224) | -37.21% |
| Property Transfer Tax-Measure P (New December 21, 2018) | 4,747,414 | 1,589,134 | (3,158,280) | 33.47% | 1,509,218 | 2,999,630 | \$1,490,412 | 198.75% | (1,410,496) | -47.02% |
| Sales Taxes | 15,786,200 | 3,827,061 | (11,959,139) | 24.24% | 18,238,000 | 4,667,230 | (\$13,570,770) | 25.59% | (840,169) | -18.00% |
| Soda Taxes | 970,794 | 260,569 | (710,225) | 26.84% | 1,459,057 | 380,821 | (\$1,078,236) | 26.10% | (120,252) | -31.58% |
| Utility Users Taxes | 12,750,000 | 3,078,308 | (9,671,692) | 24.14% | 15,000,000 | 3,249,973 | (\$11,750,027) | 21.67% | (171,665) | -5.28% |
| Transient Occupancy Taxes | 5,070,000 | 539,035 | (4,530,965) | 10.63% | 7,800,000 | 2,256,945 | (\$5,543,055) | 28.94% | (1,717,910) | -76.12% |
| Short-term Rentals | 676,260 | 62,436 | (613,824) | 9.23% | 1,020,000 | 457,127 | (\$562,873) | 44.82% | (394,691) | -86.34% |
| Business License Tax | 12,684,192 | 182,357 | (12,501,835) | 1.44% | 19,284,000 | 202,222 | (\$19,081,778) | 1.05% | (19,865) | -9.82% |
| Recreational Cannabis | 1,300,000 | 44,883 | (1,255,117) | 3.45% | 510,000 | 481,424 | (\$28,576) | 94.40% | (436,541) | -90.68% |
| Medical Cannabis | 300,000 | 4,122 | (295,878) | 1.37% | 300,000 | 31,227 | (\$268,773) | 10.41% | (27,105) | -86.80% |
| U1 Revenues | 2,700,000 | 34,236 | (2,665,764) | 1.27% | 1,000,000 | 34,616 | (\$965,384) | 3.46% | (380) | -1.10% |
| Other Taxes | 922,048 | 267,921 | (654,127) | 29.06% | 1,116,860 | 304,536 | (\$812,324) | 27.27% | (36,615) | -12.02% |
| Vehicle In-Lieu Taxes | 12,421,597 | - | (12,421,597) | 0.00% | 13,333,826 | - | (\$13,333,826) | 0.00% | - | 0.00% |
| Parking Fines-Regular Collections | 5,049,000 | 758,837 | (4,290,163) | 15.03% | 6,600,000 | 1,276,412 | (\$5,323,588) | 19.34% | (517,575) | -40.55% |
| Parking Fines-Booting Collections | | | | | 200,000 | 8,685 | (\$191,315) | 4.34% | (8,685) | -100.00% |
| Moving Violations | 190,000 | 15,789 | (174,211) | 8.31% | 190,000 | 59,426 | (\$130,574) | 31.28% | (43,637) | -73.43% |
| Ambulance Fees | 5,103,208 | 630,108 | (4,473,100) | 12.35% | 4,200,000 | 1,306,216 | (\$2,893,784) | 31.10% | (676,108) | -51.76% |
| Interest Income | 2,851,200 | 1,217,126 | (1,634,074) | 42.69% | 3,500,000 | 1,678,039 | (\$1,821,961) | 47.94% | (460,913) | -27.47% |
| Franchise Fees | 1,551,696 | 189,820 | (1,361,876) | 12.23% | 2,068,928 | 216,794 | (\$1,852,134) | 10.48% | (26,974) | -12.44% |
| Other Revenue | 6,246,348 | 2,789,292 | (3,457,056) | 44.65% | 8,044,544 | 2,308,331 | (\$5,736,213) | 28.69% | (480,961) | -20.84% |
| IDC Reimbursement | 5,490,000 | 1,221,056 | (4,268,944) | 22.24% | 6,100,000 | 1,260,850 | (\$4,839,150) | 20.67% | (39,794) | -3.16% |
| Transfers | 17,274,293 | 4,432,641 | (12,841,652) | 25.66% | 5,266,688 | 1,316,672 | (\$3,950,016) | 25.00% | 3,115,969 | 236.65% |
| Total Revenue: | \$195,794,216 | \$29,037,637 | -\$166,756,579 | 14.83% | \$197,008,883 | \$34,462,158 | -\$162,546,725 | 17.49% | (\$5,424,521) | -15.74% |

Note: This statement is presented on a budgetary basis.

The first quarter review generally focuses primarily on the major revenue fluctuation and changes that have occurred that might result in significant changes in future projections. However, in light of the disruptions created by the COVID-19 pandemic, Staff recognize that it would be wise, where possible to present revisions to revenue projections at this time based on the first quarter trends, and then refine them more during the mid-year update.

During the first quarter of FY 2021, General Fund revenue and transfers decreased significantly from the first quarter of FY 2020 by \$5,424,521 or 15.7%, due primarily to a decline of \$2,465,224 in Property Transfer Taxes, a decline of \$840,169 in Sales Taxes, a decline of \$1,717,910 in Transient Occupancy Taxes (TOT), a decline of \$517,575 in Parking Fines, a decline of \$676,108 in Ambulance Fees, and a decline of \$460,913 in Interest Income. These declines were partially offset by an increase of \$480,961 in Other Income and an increase in Transfers of \$3,115,969.

After the COVID-19 pandemic hit and the shelter in place orders were implemented, the economic activity that drives some of the General Fund's major revenue streams caused a sharp decline in the growth rate for the first quarter of FY 2021. However, some revenue streams were impacted differently than others.

Property Tax Revenue Streams:

Because of the way that property taxes are assessed, due and paid, the major property tax revenue sectors were only mildly impacted or not impacted at all. For example:

For Secured Property Taxes in FY 2021, assessed values were determined and taxes were lienied on January 1, 2020, before the COVID-19 pandemic hit. Therefore, the taxes could only be significantly affected by a lower collection rate. (i.e., a higher level of taxpayers who are delinquent in paying the taxes).

In addition, assessed values for Unsecured Property Taxes were determined and taxes were liened on January 1, 2020, before the pandemic hit; and, these taxes are due and primarily paid during the first quarter. Therefore, this tax category will be unaffected by the COVID-19 pandemic in FY 2021.

Revenue Streams Reliant Upon Business and Other Activity:

As a result of the shelter in place orders to close all non-essential businesses, almost all business-related activities came to a halt (or close to a halt) and resulted in significant negative impacts on the following revenue streams:

- Transient Occupancy Taxes (TOT)- Decline of 76.1%;
- Short-Term Rentals – Decline of 86.3%
- Property Transfer Taxes- Decline of 37.2%;
- Parking fines – Decline of 40.6%;
- Sales Taxes -Decline of 18.0%;
- Utility Users Taxes – Decline of 5.3%;
- Ambulance fees -Decline of 51.8%; and
- Interest Income -Decline of 27.5%

Secured Property Tax (+\$122,066 more than FY 2020 Actual)

During the first quarter of FY 2021, Secured Property Tax revenues totaled \$428,517, which was \$122,066 or 39.8% more than the \$306,451 received for the same period in FY 2020. This first quarter revenue reflects a relatively small amount received from the previous year's levy that was unpaid during that fiscal year. The amount received is typical of what is historically received in the first quarter. The Staff revenue projection reflected in the FY 2021 Adopted Budget assumes a 3.22%% decline for the year, while the County's Certification of Assessed Valuation reflects growth of 7.70%.

Since assessed values for Secured Property Taxes were determined as of January 1, 2020, and they were liened as of that date, the only material factor that could impact Secured Property Tax revenues as a result of COVID-19 would a significant increase in delinquent property taxes, resulting in a significant reduction in the collection rate. As indicated in the table below, the collection rate for the City of Berkeley has been high and rising for many years. In addition, the COVID-19 pandemic had little, if any, impact on the second Secured Property Tax payment for FY 2020, which was due February 1, 2020 and was delinquent on April 10, 2020 (i.e., The total Secured Property Tax revenues in FY 2020 was the amount expected based on the actual growth in assessed value for FY 2020.

**Percentage of Secured Property Tax Levy Collected Within the Fiscal Year of Levy
Fiscal Year Ended June 30**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 96.71% | 97.27% | 97.47% | 98.16% | 98.57% | 98.73% | 98.58% | 98.92% | 98.89% | 98.97% |

Staff is considering revising the projections upward once it analyzes the allowances for delinquencies due to COVID-19 pandemic.

Unsecured Property Tax (+\$215,271 more than FY 2020 Actual)

During the first quarter of FY 2021, Unsecured Property Tax revenues totaled \$2,867,793, which was \$215,271 or 8.1% more than the \$2,652,522 received for the same period in FY 2020. The Staff revenue projection reflected in the FY 2021 Adopted Budget assumes a 15.2%% decline for the year, versus the County's Certification of Assessed Valuation growth of 8.23%.

Since Unsecured property taxes were liened on January 1, 2020, were due July 1, 2020, and were mostly collected in the first quarter, these taxes do not appear to be impacted by COVID-19 in FY 2021. As a result, staff is considering increasing the projection after a more detailed analysis.

Property Transfer Tax (-\$2,465,224 less than FY 2020 Actual)

During the first quarter of FY 2021, Property Transfer Tax totaled \$4,160,284, which was \$2,465,224 or 37.2% less than the \$6,625,508 received for the first quarter of FY 2020. The primary reasons for the \$2,465,224 decrease in Property Transfer Tax were (1) The FY 2020 total includes the sale of a group of properties totaling \$87.5 million that resulted in Property Transfer Tax of \$1,312,500; (2) The dollar value of property sales declined by 35.8% during the first quarter of FY 2021, as illustrated in the table below; and (3) The number of property sales transactions declined by 51 or 19.9% during the first quarter of FY 2021, as illustrated in the table below. Staff will closely monitor this revenue for another quarter before proposing a change in the FY 2021 projection for Property Transfer Taxes and/or Measure P taxes.

| Property Sales \$ | July | August | September | Total |
|-------------------|---------------|---------------|---------------|---------------|
| FY 2021 | \$ 74,018,291 | \$115,008,000 | \$106,351,773 | \$295,378,064 |
| FY 2020 | 113,356,500 | 234,115,500 | 112,790,500 | 460,262,500 |
| Change | -39,338,209 | -119,107,500 | -6,438,727 | -164,884,436 |
| % Change | -34.7% | -50.9% | -5.7% | -35.8% |

| Transactions | July | August | September | Total |
|--------------|--------|--------|-----------|--------|
| FY 2021 | 50 | 82 | 73 | 205 |
| FY 2020 | 86 | 86 | 84 | 256 |
| Change | -36 | -4 | -11 | -51 |
| % Change | -41.9% | -4.7% | -13.1% | -19.9% |

In addition, \$1,589,134 in Measure P taxes (a tax which took effect on December 21, 2018) was collected during the first quarter of FY 2021 compared to \$2,999,630 collected during the first quarter of FY 2020.

Sales Tax (-\$840,169 less than FY 2020 Actual)

For the first quarter of FY 2020, Sales Tax revenue totaled \$3,827,061, which is \$840,169 or 18.0% less than the \$4,667,230 received for the first quarter of FY 2020. Staff is considering revising the projection for Sales Taxes as reflected in the FY 2021 Adopted Budget once it is able to review and analyze concrete trend lines of economic activities and the collection trends compiled by the City's Sales Tax Consultant:

The expected FY 2021 decline from the FY 2020 total will be partially mitigated by a \$281,987 increase in the County Pool revenues, a \$44,371 decrease in county sharing, and a \$24,430 decline in CDTFA administrative costs.

Utility Users Taxes (-\$171,665 less than FY 2020 Actual)

Utility Users Tax revenue for the first quarter of FY 2021 totaled \$3,078,308, which is \$171,665 or 5.28% less than the \$3,249,973 received for the same period in FY 2020. This decline of \$171,665 was experienced across the board in the following sectors:

FY 2020 Actual First Quarter Cash Revenues and FY 2021 Actual First Quarter Revenues

| | FY2021 | FY 2020 | \$ Change | % Change |
|-----------|---------------|----------------|------------------|-----------------|
| Telephone | \$ 368,636 | \$ 388,889 | -\$ 20,253 | -5.21% |
| Cable | 258,207 | 298,274 | - 40,067 | -13.43% |
| Cellular | 313,395 | 342,929 | -29,534 | - 8.61% |
| Electric | 1,710,892 | 1,761,837 | -50,945 | -2.89% |
| Gas | 427,122 | 458,045 | -30,923 | -6.75% |
| Total | \$3,078,252 | \$3,249,974 | -\$171,722 | -5.28% |

Staff expects Utility Users Tax revenue in FY 2021 to meet or slightly exceed the FY 2021 revenue projection of \$12,750,000.

Transient Occupancy Tax (-\$1,717,910 less than FY 2020 Actual)

Transient Occupancy Tax (TOT) revenue for the first quarter of FY 2021 totaled \$539,035, which is \$1,717,910 or 76.1% less than the \$2,256,945 received for the first quarter of FY 2020. The decrease in FY 2021 is primarily attributable to a decline of 77.9% at the five largest hotels in Berkeley during the quarter, which included some months with no payments for two of the hotels. Staff is considering lowering the FY 2021 projection of \$5,070,000 reflected in the Adopted Budget to \$4,070,000. Staff will also continue to monitor this revenue stream critically over the next several months.

Short-Term Rentals (-\$394,691 less than FY 2020 Actual)

Short-Term Rentals revenue for the first quarter of FY 2021 totaled \$62,436, which is \$394,691 or 86.3% less than the \$457,127 received for the first quarter of FY 2020. Staff is considering lowering the FY 2021 projection of \$676,260 in the FY 2021 Adopted Budget to \$476,260. Staff will also continue to monitor this revenue stream on a monthly basis.

Business License Taxes (-\$46,970 less than FY 2020 Actual)

Business license Taxes (BLT) revenue for the first quarter of FY 2021 totaled \$186,479, which is \$46,970 or 20.1% less than the \$233,449 received for the first quarter of FY 2020. BLT are not due yet, so it is too soon to gauge the effect COVID-19 has had on FY 2021 Business License Tax revenue. With that said, this revenue stream is based on gross receipts that is generated by economic activities. Staff will continue to review and analyze all the economic indicators for a more concise action.

Recreational Cannabis (-\$436,541 less than FY 2020 Actual)

Recreational Cannabis revenue for the first quarter of FY 2021 totaled \$44,883, which is \$436,541 or 90.7% less than the \$481,424 received in the first quarter of FY 2020. This decline is primarily attributable to (1) \$240,260 in Recreational Cannabis receipts during the first quarter of FY 2021 that did not get recorded in the General Ledger before the close of the first quarter; and (2) \$160,250 of FY 2019 Recreational Cannabis revenues which were recorded in the first quarter of FY 2020. Recreational Cannabis taxes are not due yet, so it is too soon to gauge the effect COVID-19 has had on FY 2021 Recreational Cannabis.

U1 Revenues (-\$380 less than FY 2020 Actual)

U1 revenues for the first quarter of FY 2021 totaled \$34,236, which is \$380 or 1.1% less than the \$34,616 received in the first quarter of FY 2020. U1 revenues are not due yet, so it is too soon to gauge the effect COVID-19 has had on FY 2021 U1 revenues.

Vehicle in Lieu Taxes (+\$0 more than FY 2020 Actual)

There was no Vehicle in Lieu Taxes (VLF) received during the first quarter of FY 2021 and FY 2020, since they are not yet due. However, the Staff revenue projection reflected in the FY 2021 Adopted Budget assumes a 6.8%% decline for the year, while the County's Certification of Assessed Valuation reflects growth of 7.70%.

Changes in VLF revenues are based on the growth in assessed values.

Since assessed values for VLF Taxes were determined as of January 1, 2020, and they were liened as of that date, the only material factor that could impact revenues as a result of COVID-19 would be a significant increase in delinquent property taxes, resulting in a significant reduction in the collection rate. As indicated in the table below, the collection rate for the City of Berkeley has been high and rising for many years. In addition, the COVID-19 pandemic had little, if any, impact on the second payment of Property Taxes for FY 2020, which was due February 1, 2020 and was delinquent on April 10, 2020.

**Percentage of Secured Property Tax Levy Collected Within the Fiscal Year of Levy
Fiscal Year Ended June 30**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 96.71% | 97.27% | 97.47% | 98.16% | 98.57% | 98.73% | 98.58% | 98.92% | 98.89% | 98.97% |

Staff is considering revising the projections upward once it analyzes the allowances for delinquencies dues to COVID-19 pandemic.

Parking Fines (-\$517,575 less than FY 2020 Actual)

Parking Fines revenue for the first quarter of FY 2021 totaled \$758,837, which is \$517,575 or 40.6% less than the \$1,276,412 received for the first quarter of FY 2020. The primary reason for the decline is that starting March 18, 2020, due to the shelter in place orders, Parking Enforcement was directed to enforce in a relaxed manner for Street Sweeping. The only violation enforced was Street Sweeping. All other violations, including meters, time zones, yellow curbs, and residential parking were not enforced. The City also implemented an amnesty program which allowed citizens to contact the City Manager and were allowed one citation per household to be dismissed for Street Sweeping. This enforcement was continued until July 1, 2020.

On July 1, 2020, enforcement of time zones was restarted, and meter enforcement was restarted using a phased approach with discounted rates. By the end of July 2020, all meters were being enforced. On October 1, 2020, Residential Parking enforcement was restarted, and Parking Enforcement is currently enforcing all violations.

During the quarter, ticket writing declined from 27,650 or 14,5% in the first quarter of FY 2020 to 23,450 in the first quarter of FY 2021, as follows:

| | July | August | Sept. | Total |
|--------------|-------------|---------------|--------------|--------------|
| FY 2020 | 8,840 | 9,888 | 9,122 | 27,650 |
| FY 2021 | 6,810 | 7,744 | 9,091 | 23,645 |
| Difference | -2,030 | -2,144 | -31 | -4,005 |
| % Difference | -23.0% | -21.7% | -.3% | -14.5% |

Staff is considering lowering the Parking Fines projection to \$4,049,000 from the \$5,049,00 reflected in the FY 2021 Adopted Budget.

Ambulance Fees (-\$676,108 less than FY 2020 Actual)

Ambulance Fees revenue for FY 2021 totaled \$630,108, which is \$676,108 or 51.8% less than the \$1,306,216 received for the same period during FY 2020. According to the City's Ambulance Fees vendor, the collections being made during the first quarter of FY 2021 were for services provided during March and April 2020, right after the COVID-19 hit and the Governor's shelter in place orders went into effect. During March, transports declined from 576 in 2019 to 312 in 2020 or 45.8%; and in April, transports declined from 312 in 2019 to 251 in 2020 or 19.6%.

Prior to the COVID-19 pandemic, the vendor was projecting 6,541 transports and \$ 4,774, 200 in Ambulance Fees revenues on a cash basis. Currently, they are projecting that transports and Ambulance Fees revenue for FY 2021 will decline to 4,579 transports and \$3,342,159 in revenue.

As a result, Staff is lowering the FY 2021 projection from the \$5,103,208 reflected in the Adopted Budget to \$3,342,159.

Interest Income (-\$460,913 less than FY 2020 Actual)

For the first quarter of FY 2021, interest income totaled \$1,217,126, which is \$460,913 or 27.5% less than the total of \$1,678,039 received for the same period in FY 2020. This decrease is primarily attributable to a sharp drop in short-term and long-term interest rates, as a result of the Federal Reserve Board's (the Fed) vote on March 15, 2020 to cut interest rates back to zero, in order to mitigate the negative impact of the COVID-19 pandemic on the US economy. The Fed subsequently also announced that it expects to keep rates at this low level through FY 2023.

Primarily as a result of the Fed's actions, the net interest rate earned by the City dropped from a range of 2.23%-2.33% during the first quarter of FY 2020, to a range of 1.13%-1.17% during the first quarter of FY 2021, as follows:

Monthly Net Interest Rate Earned

| FY | July | August | September |
|-----------|-------------|---------------|------------------|
| 2020 | 2.33% | 2.29% | 2.23% |
| 2021 | 1.17% | 1.13% | 1.14% |

As a result of the sharp decline in the net interest rate being earned by the City, interest income in FY 2021 and beyond will be significantly lower than the total earned in FY 2020. Staff expected a sharp decline in interest rates, and will keep the Interest Income projection at the \$2,851,200 level reflected in the FY 2021 Adopted Budget (Down from the \$6,696,279 received in FY 2020).

Franchise Fees (-\$26,974 less than FY 2020 Actual)

Franchise Fees for the first quarter of FY 2021 totaled \$189,820, which is \$26,974 or 12.4% less than the \$216,794 received for the same period in FY 2020. Only the Cable Fees were collected in the first quarter of FY 2021 and FY 2020, and this decline is consistent with the 13.4% decline in UUT for Cable. The UUT Electric and Gas declines in the FY 2021 first quarter were 2.89% and 6.75%, respectively.

Therefore, Staff is increasing the FY 2021 Franchise Fees revenues projection to \$1,581,650 from the \$1,551,696 reflected in the Adopted Budget (but down from the \$1,839,102 received in FY 2020), based on the projected COVID-19 impact below:

| Category | FY 2020 Actuals | Est. FY 2021 COVID Impact % | Est. FY 2021 COVID Impact \$ | FY 2021 Revised Projection |
|----------|-----------------|--------------------------------|---------------------------------|-------------------------------|
| Cable | \$ 791,663 | -20% | -\$158,333 | \$ 633,330 |
| Electric | 598,023 | -5% | -29,901 | 568,122 |
| Gas | 422,442 | -10% | -42,244 | 380,198 |
| Total | \$1,812,128 | -13% | -\$230,478 | \$1,581,650 |

Transfers (+\$3,115,969 more than FY 2020 Actual)

Transfers from other funds for the first quarter of FY 2021 totaled \$4,432,641 which is \$3,115,969 or 236.7% more than the \$1,316,672 received for the same period in FY 2020. This is primarily attributable to the Transfer of \$1,725,000 from the Stabilization Reserve Fund and the \$1,125,000 from the Catastrophic Reserve Fund during the FY 2021 first quarter, to mitigate the negative impact of COVID-19. It should be noted that a total of \$6,900,000 and \$4,500,000 will be transferred from the Stabilization Reserve Fund and Catastrophic Reserve Fund, respectively, for General Fund operations in FY 2021.

Other Revenues (+\$480,961 more than FY 2020 Actual)

Other Revenues consists of licenses and permits; grants; preferential parking fees; general government charges for services; public safety charges for services; health charges for services; culture and recreation charges for services; rents and royalties; and other miscellaneous revenues that are not considered major.

Other Revenues for the first quarter of FY 2021 totaled \$2,789,292 which is \$480,961 or 20.8% more than the \$2,308,331 received for the first quarter of FY 2020, This increase resulted primarily from the receipt of \$704,000 from East Bay Community Foundation for the Berkeley Relief Fund, to finance grant payments to assist businesses and nonprofit organizations impacted by the COVID-19 pandemic.

FY 2021 First Quarter Expenditures (7/1/20 – 9/30/20)

General Fund

| Department | FY 2021 Adopted | FY 2021 Adjusted* | Year-To-Date | | Percent Expended |
|--------------------------------------|--------------------|----------------------|---------------------------|--------------------|---------------------|
| | | | Actuals + Encumbrances | Balance | |
| Mayor & Council | 2,559,046 | 2,575,185 | 479,931 | 2,095,254 | 19% |
| Auditor | 2,657,863 | 2,665,324 | 474,237 | 2,191,087 | 18% |
| City Manager | 10,450,066 | 11,186,655 | 2,812,214 | 8,374,441 | 25% |
| City Attorney | 2,587,273 | 2,643,059 | 522,247 | 2,120,812 | 20% |
| City Clerk | 2,338,047 | 2,572,987 | 642,470 | 1,930,517 | 25% |
| Finance | 5,978,002 | 7,111,104 | 2,221,163 | 4,889,941 | 31% |
| Human Resources | 2,280,207 | 2,860,875 | 476,041 | 2,384,834 | 17% |
| Information Technology | 580,710 | 1,334,885 | 1,009,981 | 324,904 | 76% |
| Health, Housing & Community Services | 14,850,382 | 26,074,606 | 13,234,285 | 12,840,321 | 51% |
| Parks, Recreation and Waterfront | 6,831,086 | 7,746,386 | 2,087,978 | 5,658,408 | 27% |
| Planning | 2,178,037 | 2,361,990 | 691,346 | 1,670,644 | 29% |
| Public Works | 4,408,589 | 6,238,450 | 1,475,252 | 4,763,198 | 24% |
| Police | 65,460,524 | 64,843,729 | 15,032,613 | 49,811,116 | 23% |
| Fire | 32,272,610 | 36,814,113 | 8,284,339 | 28,529,774 | 23% |
| Non-Departmental | 39,286,268 | 27,761,101 | 8,701,525 | 19,059,576 | 31% |
| Total | 194,718,710 | 204,790,449 | 58,145,622 | 146,644,827 | 28% |

*FY 2021 Adjusted includes FY 2020 Encumbrance Rollover

All Funds (including General Fund)

| Department | FY 2021 Adopted | FY 2021 Adjusted* | Year-To-Date | | Percent Expended |
|--------------------------------------|--------------------|----------------------|---------------------------|--------------------|---------------------|
| | | | Actuals + Encumbrances | Balance | |
| Mayor & Council | 2,559,046 | 2,575,185 | 479,931 | 2,095,254 | 19% |
| Auditor | 2,786,499 | 2,793,960 | 492,850 | 2,301,110 | 18% |
| Rent Board | 6,646,209 | 6,772,560 | 1,741,320 | 5,031,240 | 26% |
| City Manager | 13,515,943 | 14,790,341 | 4,181,513 | 10,608,828 | 28% |
| Library | 21,846,159 | 24,991,144 | 8,450,105 | 16,541,039 | 34% |
| City Attorney | 4,509,824 | 5,204,947 | 1,758,709 | 3,446,238 | 34% |
| City Clerk | 2,839,880 | 3,074,820 | 810,134 | 2,264,686 | 26% |
| Finance | 8,555,177 | 9,696,178 | 2,519,123 | 7,177,055 | 26% |
| Human Resources | 4,072,239 | 4,715,202 | 858,862 | 3,856,340 | 18% |
| Information Technology | 20,647,410 | 25,011,428 | 6,849,896 | 18,161,532 | 27% |
| Health, Housing & Community Services | 53,834,105 | 97,274,965 | 42,699,483 | 54,575,482 | 44% |
| Parks, Recreation and Waterfront | 32,561,123 | 61,242,951 | 34,331,966 | 26,910,985 | 56% |
| Planning | 25,022,338 | 27,284,553 | 5,795,072 | 21,489,481 | 21% |
| Public Works | 138,631,154 | 204,495,368 | 72,189,866 | 132,305,502 | 35% |
| Police | 70,325,114 | 69,882,747 | 16,390,759 | 53,491,988 | 23% |
| Fire | 41,254,373 | 47,548,441 | 10,998,981 | 36,549,460 | 23% |
| Non-Departmental | 83,711,926 | 72,352,591 | 24,096,488 | 48,256,103 | 33% |
| Total | 533,318,519 | 679,707,381 | 234,645,058 | 445,062,323 | 35% |

*FY 2021 Adjusted includes FY 2020 Encumbrance Rollover

FY 2021 First Quarter Expenditures Variance Analysis

First Quarter Assumptions

- Personnel year-to-date actuals are through 09/30/20 and represent 22.21% expended. All departments are tracking at or below 22.21% in personnel expenditures. General Fund personnel costs represent almost 74% of the total City's General Fund budget and are tracked on a monthly basis. As in prior years, Police overtime continues to be a concern and is being monitored by staff.

Generally, on an all funds basis, expenditures over 22.21% are related to non-personnel costs, such as encumbrances for contracts, supplies, and materials.

First Quarter Variances

General Fund

- Finance: Banking Services contracts and other professional services contracts were encumbered in the 1st Quarter.
- Information Technology: Funds encumbered for projects started in FY 2020 were rolled over to FY 2021 in the 1st Quarter along with funds for software maintenance and the City's contract with Berkeley Community Media being encumbered as well.
- Health, Housing & Community Services: Community Agency contract funds were moved from Non-Departmental so that contracts purchase orders could be created.
- Public Works: Funds were encumbered for gas and electricity payments.
- Non-Departmental: Funds for the City's Outside Auditors, Legislative and Professional Services, Insurance were encumbered or paid in the first three months of FY 2021.

All Funds

- City Attorney: Funds for outside counsel contracts were encumbered at the start of the fiscal year.
- Public Works & Parks, Recreation & Waterfront: Funds were encumbered for capital improvement projects early in the fiscal year.
- Non-Departmental: Debt service and insurance payments were made in August.

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|--|---|-----------|--------------------|--|
| 1. Safety for all: The George Floyd Community Safety Act – Budget Request to Hire a Consultant to Perform Police Call and Response Data Analysis ¹ | July 14, 2020 | Refer to the Budget Process \$150,000 to: a. Hire a consultant to conduct a data-driven analysis of police calls and responses to determine the quantity and proportion of these calls that can be responded to by non-police services. The third-party consultant must be hired and engaged in work within three months of the item's passage. b. Hire a consultant to conduct an analysis of the Berkeley Police Department's budget and its expenditures by call type. The third-party consultant must be hired and engaged in work within three months of the item's passage. | \$150,000 | | Bartlett, Mayor Arreguin, and Harrison |
| 2. BerkDOT: Reimagining Transportation for a Racially Just Futures ² | July 14, 2020 | Refer to the City Manager, the FY 2021-22 budget process, and the proposed community engagement process to reimagine public safety to pursue the creation of a Berkeley Department of Transportation (BerkDOT) to ensure a racial justice lens in traffic enforcement and the development of transportation policy, programs, & infrastructure. | unknown | | Robinson, Droste, Bartlett, and Mayor Arreguin |
| 3. Support Community Refrigerators ³ | September 22, 2020 <i>(continued on October 13, 2020)</i> | Allocate \$8,000 of the budget for the purchasing of the refrigerators. | \$8,000 | | Davila |

¹ https://www.cityofberkeley.info/Clerk/City_Council/2020/07_Jul/Documents/2020-07-14_Item_18a_Safety_for_All_The_George_Floyd_pdf.aspx

² https://www.cityofberkeley.info/Clerk/City_Council/2020/07_Jul/Documents/2020-07-14_Item_18e_BerkDOT_Reimagining_Transportation_pdf.aspx

³ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_17_Support_Community_Refrigerators.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|--------------------|--|-----------|--|----------------------------------|
| 4. Providing our Unhoused Communities in the City of Berkeley with Potable Water and addressing Water Insecurity ⁴ | September 22, 2020 | Refer to City Manager to include an allocation in the upcoming AAO budget to use existing homeless services to fund Berkeley Free Clinic's program to address water insecurity among Berkeley's unhoused communities. This program will initially require \$10,000 to construct and maintain a large tank with a foot pump for dispensing water from a spout that can be used for drinking or handwashing. | \$10,000 | Funded | Davila |
| 5. Healthy Checkout Ordinance ⁵ | September 22, 2020 | Refer to the City Manager to determine funding and staffing needs to implement and enforce the ordinance and sources of funding to support this program. Refer to the Sugar Sweetened Beverage Product Panel of Experts to consider recommending funding allocations, and to work with City staff to develop protocols for, implementation, education, and enforcement. | unknown | | Harrison and Hahn |
| 6. Authorize Installation of Security Cameras at the Marina and Request an Environmental Safety Assessment ⁶ | October 13, 2020 | Adopt the following recommendation in order to address the recent dramatic uptick in reported crime incidents at the Berkeley marina: • Request that the City Manager install security cameras and signage as expeditiously as possible as a long-term safety measure; | \$120,000 | \$60,000 – PRW– General Fund carryover request \$60,000 – Marina Fund | Kesarwani and Wengraf |

⁴ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_09_Providing_our_Unhoused_Communities.aspx

⁵ https://www.cityofberkeley.info/Clerk/City_Council/2020/09_Sep/Documents/2020-09-22_Item_16_Healthy_Checkout_Ordinance.aspx

⁶ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_12_Authorize_Installation_of_Security.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|------------------|--|--|--------------------|--|
| 7. “Step Up Housing” Initiative: Allocation of Measure P Funds to Lease and Operate a New Permanent Supportive Housing Project at 1367 University Avenue ⁷ | October 13, 2020 | Adopt a resolution allocating approximately \$900,000 per year for 10 years, as well as a one-time allocation of approximately \$32,975 from Measure P transfer tax receipts to support the lease and operation of a new permanent supportive housing project for the homeless at 1367 University Avenue. This resolution is put forward out of consideration that the City Council has already approved in its FY 2020-21 budget—on June 30, 2020— an allocation of \$2.5 million for permanent housing subsidy, a portion of which is available to be spent on the 1367 University Avenue project. | \$32,975 (one-time allocation from Measure P) \$900,000/year for 10 years | Measure P | Bartlett, Kesarwani, Wengraf, and Mayor Arreguin |
| 8. Removal of Traffic Bollards on the Intersection at Fairview and California St. ⁸ | October 13, 2020 | Refer to the City Manager to remove the traffic bollards at the intersection at Fairview and California St. for the following reasons: 1. To allow residents, emergency responders, street cleaning and garbage disposal services, and delivery vehicles ease of access to enter and exit Fairview Street; 2. To allow residents of the 1600 block of Fairview St. access to additional parking spots because the current capacity is inadequate; and 3. To decrease illegal dumping that has been incentivized by the traffic bollards and eliminate the harborage of junk, debris, and garbage. | unknown | | Bartlett |

⁷ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_16_Step_Up_Housing_Initiative_Allocation.aspx

⁸ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-13_Item_17_Removal_of_Traffic_Bollards.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|--|------------------|---|----------------------|--------------------|----------------------------------|
| 9. \$50,000 to UC Theatre Concert Career Pathways Education Program ⁹ | October 27, 2020 | Refer to the November 2020 AAO budget process the allocation of \$50,000 to the UC Theatre Concert Career Pathways Education Program. | \$50,000 | | Mayor Arreguin |
| 10. Equitable Clean Streets Budget Referral: Funding for Staff to Conduct Bi-Weekly (Once Every Two Weeks) Residential Cleaning Services ¹⁰ | October 27, 2020 | Refer to the November AAO budget process to allocate \$500,000 from the General Fund to require biweekly (once every two weeks) cleaning of populated encampment sites, major corridors, and encampments adjacent to residential neighborhoods throughout the City of Berkeley for approximately one year. The City should also partner with appropriate non-profit organizations to create work opportunities for homeless residents who can help City staff clean the streets on an ongoing basis | \$500,000 | | Bartlett |
| 11. Convert 62nd Street between King St. and Adeline St. into a One-Way Line that exits in the direction of Adeline St. ¹¹ | October 27, 2020 | Refer to the City Manager to convert 62nd Street between King St. and Adeline St. into a one-way lane that exits to Adeline and blocks motorists from entering 62nd Street through Adeline Street. | unknown | | Bartlett and Mayor Arreguin |
| 12. Support for Berkeley Mutual Aid ¹² | October 27, 2020 | Refer to the City Manager and to the November FY2020 AAO budget adjustment process to identify existing resources, or propose a new allocation of funds, to provide emergency financial support to Berkeley Mutual Aid (BMA) to allow the organization to continue its highly valued programs and | \$36,000 annual cost | | Hahn and Mayor Arreguin |

⁹ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_18_Budget_Referral_50,000_to_UC_Theatre.aspx

¹⁰ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_20_Equitable_Clean_Streets_Budget_Referral.aspx

¹¹ https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_21_Convert_62nd_Street_between_King_St.aspx

¹² https://www.cityofberkeley.info/Clerk/City_Council/2020/10_Oct/Documents/2020-10-27_Item_23_Support_for_Berkeley_Mutual_Aid.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|-------------------|--|-------------------------|--------------------|---------------------------------------|
| | | services addressing the needs of Berkeley residents sheltering-in- place during the COVID-19 health emergency. Support required for BMA to continue providing critical services to the community is \$3,000 per month, starting as soon as possible and continuing until 3 months after the COVID-19 emergency order is lifted. | | | |
| 13. Security Cameras at Major Berkeley Arterial Entry and Exit Points for the City and Request an Environmental Safety Assessment at High Crime Areas of the City ¹³ | November 10, 2020 | In order to deter would-be perpetrators of gun violence and apprehend those engaging in gun violence, adopt the following recommendations: • Request that the City Manager install security cameras and increased lighting at appropriate arterial streets serving as entry into and exit out of the City of Berkeley in conjunction with prominently displayed signage; • Refer to the City Manager to perform an environmental safety assessment of the high crime areas specifically in South and West Berkeley; • Refer costs for security cameras and lighting to the mid-year budget process for FY 2020-21. | \$500,000 - \$1,000,000 | | Kesarwani and Mayor Arreguin |
| 14. Gun Buy Back Program ¹⁴ | November 10, 2020 | Refer to the FY 2020-21 November Amendment to the Annual Appropriations Ordinance (AAO #1) \$40,000 to reinstate partial funding for the Gun Buyback Program—originally proposed by Councilmember Cheryl Davila and authorized by the City Council on Nov. 27, 2018. | \$40,000 | | Kesarwani, Mayor Arreguin, and Davila |

¹³ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_12_Authorize_Installation_of_Security.aspx

¹⁴ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_13_Budget_Referral_to_Reinstate.aspx

Summary of Council Referrals to the Budget Process

Attachment 5

| Title and Item # | Council Date | Description (Purpose) | Amount | Funding Allocation | Referred by: Council Member Name |
|---|-------------------|--|--------------------|--------------------|----------------------------------|
| 15. Radar speed feedback sign for Wildcat Canyon Road ¹⁵ | November 10, 2020 | Referral to the City Manager for a solar powered radar speed feedback sign to be installed on Wildcat Canyon Road at the cost of \$20,000 to be considered during the Mid-Year Budget Process. | \$20,000 | | Wengraf |
| TOTAL | | | \$2,866,975 | | |

¹⁵ https://www.cityofberkeley.info/Clerk/City_Council/2020/11_Nov/Documents/2020-11-10_Item_16_Budget_Referral_-_20,000_radar_speed.aspx

